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Los Angeles, Calif.

1914

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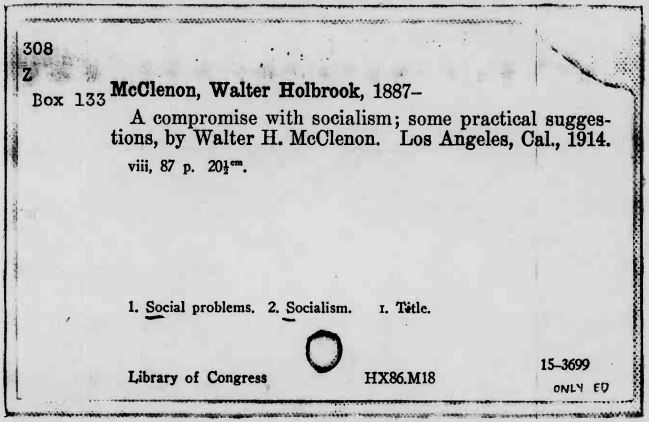

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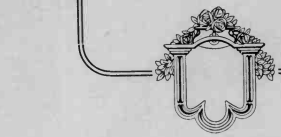
A COMPROMISE WITH SOCIALISM

Some Practical Suggestions

BY

WALTER H. McCLENON



LOS ANGELES, CALIFORNIA
1914

With Compliments of the Author

A COMPROMISE WITH SOCIALISM

Some Practical Suggestions

BY

WALTER H. McCLENON

Los Angeles, California
1914

INTENTIONAL SECOND EXPOSURE

With Compliments of the Author

A COMPROMISE WITH SOCIALISM

Some Practical Suggestions

BY

WALTER H. McCLENON

Los Angeles, California
1914

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PREFACE

AN explanation may seem to be demanded from any person who has the temerity to add one more book to the rapidly increasing flood of literature on the subject of Socialism. This literature is for the most part composed of two classes of writings: those which are desined to uphold Socialism as a whole or in some of its aspects, and those which disclose a bias, more or less pronounced, against Socialism. In distinction from both these classes, the present discussion is desined, as its title indicates, to serve as a basis for harmonizing the conflicting views of the Socialists and the non-Socialists. No dout the more extreme Socialists will condem the proposals herein as reactionary and capitalistic, while many people of conservative tendencies will condem them as revolutionary and ultra-Socialistic. Whether or not the purpose of avoiding all bias in stating these proposals has been successfully maintained is for the reader to judge. No one of the proposals can be said to be entirely novel; many of them are in fact planks taken from various Socialist platforms, and not a few have been put into successful operation in one or more foreign countries. The element of originality in this **Compromise** consists in the way in which these various proposals have been grouped together and connected up with the two great principles of the supremacy of the general welfare and equality of opportunity. The mission of the **Compromise** will be fulfilled if it shall cause its readers to think more seriously of the problems discussed, or if some of the practical proposals suggested may help to contribute toward the actual solution of the problems of tomorrow.

Walter H. McClenon.

Los Angeles, May, 1914.

TABLE OF CONTENTS

Part I.

INTRODUCTION AND GENERAL PRINCIPLES.

Seriousness of Social and Industrial Conditions Today 1

Existence of evils calling for a remedy. Various attitudes toward the existing evils. Attitude of economists. Attitude of sociologists.

Significance of the Socialist Movement 3

Rapid growth of Socialism. "Refutations" of Socialism. What is Socialism? A political program and an economic faith.

The Marxian Theory of Value 5

Measurement of exchange value. Marxian interpretation of "value." Interpretation of "labor-time socially necessary." Relation of the Marxian theory to the political program of Socialism. Can labor be reduced to a single unit? Can value be measured by any labor-time unit? Use value and exchange value. Is there "only one common property left"? Are all commodities products of labor? Articles which have "a price, but no value." A parallel case. Non-Marxian exploitation theories. Partial validity of the exploitation theory.

The Political Program of Socialism 13

Significance of the extremist attitude. Difficulties in the way of establishing Socialism. Financial difficulties. Compulsory acceptance of bonds unsatisfactory. Effects of a civil war. Is civil war inevitable? Future harmony to be established thru education.

Possible Basis for a Compromise 17

Common humanity of capitalist and laborer. No distinction between labels. Socialism vs. Social Point of View. Individualism vs. Forced Uniformity. Individualism as a form of anarchy. Property not an "absolute right" but a social privilege.

Fundamental Principles Underlying a Compromise Program.... 21
The two great primary principles. Religious authority cannot be recognized. Balancing of interests. Careful analysis vs. intuitive judgment. Importance of democracy in political institutions. Valuation of conflicting interests. Margin of uncertainty in social valuations. Loss always involved in change. Social experimentation. Equality of opportunity vs. absolute uniformity. Applications of the principle of equality of opportunity.

Part II.

SPECIFIC PROPOSALS.

Chapter I. Industrial Activity in General.

Private Property 30
Necessity for private property. Insatiable desire for wealth. Need of incentive to labor. Amount of compensation to labor. Evils not essential to existence of private property. Many evils due to large fortunes. Special privilege as a source of large fortunes. Inheritance as a right. The "right" to dispose of property by will. Is confiscation ever socially desirable? Confiscation in disguise.

The Distribution of Industrial Products.

A. Profits 37
Can profits be abolished? Benefits of private industry. Incentive needed for managers of industry. Profits as an incentive. Limitations on profits.

B. Interest 39
Capital truly productive. Interest under Socialism. Interest in private industry. Does capital receive too large a share?

C. Rent 41
Surplus values due to superior land. Absorption of surplus value in city land. The Single Tax as a remedy. Rents vs. taxes. Surplus value in the case of farm lands. Land withheld from use. Oil and mineral land.

Monopolies 44
Legal monopoly. Personal monopoly. Capitalistic monopoly. Characteristics of natural monopoly. Desirability of public ownership. Public operation or leasing? Regulation under private operation. Public operation—general considerations. Can American cities operate public utilities? Rates under public operation. Advantages of free transportation. Is free transportation feasible? People don't ride "just for fun." Interurban transportation.

Chapter II. Relation of the State to Labor.

Strikes 55
Violence not to be tolerated. Industrial warfare should be stopped. How far is compulsion necessary? Rights of the employer under compulsory arbitration.

Public Employment Agencies 57
Purpose of public employment agencies. Guaranty of living wages. The right to work. Emergency public works. Profit or loss not a true test. The hobo problem.

Other Aspects of the Labor Problem 61
Old-age pensions. Workmen's compensation. Reform must come one step at a time.

Chapter III. Taxation.

General Principles 64
Need for reform in present system. Taxation according to ability to pay. Taxes on luxuries vs. taxes on necessities.

Specific Taxes 66
Import duties. Is a tariff ever justifiable? Personal property taxes. Real estate taxes. Taxation of farm land. Inheritance tax. Other kinds of taxes.

Chapter IV. Education.

The Common Schools 70
Object of public schools. What should be taut in the public schools? Duration of period of compulsory education.

Higher Education; General and Technical 73
Purpose of general and technical education. Extent of higher general education. Meaning of "free" education. Is higher education desirable for all? The State should care for its children. Technical training for all. Is equality of opportunity practicable? Character of technical courses.

Other Forms of Education 77
Advanced special training. Education of the public.

Chapter V. Regulations Affecting Quality of Population.

Immigration 79
No obligation to admit all immigrants. Difficulties of assimilation. Industrial efficiency the test of desirability. Restrictions based on this test. Is an educational test desirable? Treatment of immigrants after landing.

The Family 82
No satisfactory substitute yet proposed. Existence of evils connected with the family. Causes of unsuccessful marriages. Nature of the remedy. Application for license to be made in advance. Requirements pre-requisite to licenses. Encouragement of suitable marriages thru bounties.

Conclusion 86

PART I.

Introduction and General Principles

SERIOUSNESS OF SOCIAL AND INDUSTRIAL CONDITIONS TODAY.

Existence of Evils Calling for a Remedy. That serious evils exist in connection with our present social and industrial system, few will deny. The marvelous progress witnessed by the Nineteenth Century, in the development of labor-saving machinery and in the more effective organization of productive industry, has been accompanied by the growth of problems more complex and difficult of solution than those of any former period. There are indeed those who maintain that the seriousness of these evils has been greatly overestimated, and that the situation will correct itself if only let alone. There are others who maintain that evils are bound to exist, no matter what social and industrial system may prevail, and that consequently it is useless to try to eradicate the existing evils. But, to the great majority of mankind, it must always appear worth while to at least attempt to find a remedy for admitted evils. The real question is not whether it is worth while to search for a remedy, but where we shall go in our search, and, after a remedy is discovered, how it shall be put into actual operation.

Various Attitudes Toward the Existing Evils. Very widely held, especially among people of conservative temperament, is the view that all social misery is due directly or indirectly to the fault of some individual, or of some particular group of individuals. Those who hold this view ordinarily contend that there can be no remedy for any of the existing evils except in the education of the individual and in the maintenance of a higher ethical standard by the community in general. Such a view is however not in accord with the observations of social workers, who declare, almost without exception, that there is a large amount of social misery which is due directly to economic conditions entirely beyond the control of any individual or group. On the other hand, there are many persons who, recognizing that social misery is largely the result of an imperfect social and industrial organization, believe that the cure of these evils may be found in some one specific

reform—that by the adoption of this one reform the largest part of all the existing social misery can be abolished at a single blow. Among these may be reckoned the enthusiastic advocates of profit-sharing, labor unions, the Single Tax, the prohibition of the liquor traffic, and a score of others. Each of these reforms may undoutedly be very desirable from the social standpoint, and their adoption would perhaps remove some of the complexities of the most serious social problems; but it is evident to a clear thinker that no one of them goes to the root of the matter, or can furnish a remedy for social misery as a whole.

Attitude of Economists. The modern economist cannot shut his eyes to the existence of grave evils in the present industrial system, but he is unable to point out any remedy for these evils, or even to furnish a clear and convincing analysis of their causes. There has indeed been a considerable development and modification of economic theory during the last two or three generations. The doctrine of *laissez faire*, with many of its corollaries, has been discarded as a guiding principle of practical action; but there is not yet any agreement among economists as to what guiding principle should be accepted in its place. In general, the modern economists are inclined to take refuge in so-called historical theories. That is, they point out the various economic conditions that have prevailed at different periods of history, and the various economic doctrines which were accepted at these different periods. They show that at different periods the determinative laws of economics, if not actually varying to meet the changing conditions, have at least appeared in considerably varied aspects, and that sometimes one principle, sometimes another, has appeared to be controlling. The practical conclusion of these historical theories seems to be that we are now passing thru a transition stage, and cannot yet be certain what principles will be controlling in the ensuing period. The economist as an *individual* may of course be interested in this or that social or industrial reform; but as a *scientist* he is unable to offer any comprehensive program for the elimination of the evils resulting from our present system of industrial organization.

Attitude of Sociologists. Nor has the sociologist much better to offer. Until very recently the time of the sociologists has been principally occupied in proving that there can be a true science of sociology, and in defining its general scope and its problems. There have indeed been many attempts on the part of sociologists to explain the causes of the existing social misery, and occasionally some particular sociologist may indicate what

appears to him to be the probable way of escape from this misery. Such discussions are however merely individual opinions, and do not represent the conclusions of sociology as a science; indeed, they are usually combatted vigorously by other sociologists of as good standing as their proponent. The ordinary politician may often pose as a sociologist, and pretend to have a solution for the social and industrial problems of the day; but we have unfortunately found from sad experience that these solutions are extremely superficial, and can furnish at most only a slite temporary relief.

SIGNIFICANCE OF THE SOCIALIST MOVEMENT.

Rapid Growth of Socialism. There is however one group which offers to furnish a scientific program for remedying the existing evils by a systematic removal of what are declared to be the underlying causes of these evils, as demonstrated by various methods of observation and analysis. This group, which had its origin sixty-five years ago under the leadership of Karl Marx and Friedrich Engels, has steadily increased in numbers and influence, until today, thru the political organizations known as Socialist or Social Democratic, it commands the attention of the voters of practically every civilized nation. In Australia the Socialists have secured complete control of several of the Provincial Governments, and at least temporarily of the Federal Government as well. In Germany the Social Democrats have a clear majority in the legislature of one of the smaller States; and, in spite of a very unequal districting, they have the largest representation in the Reichstag of any single party, polling over one-third the total popular vote of the nation. In our own country we are becoming accustomed to the sight of Socialists in the governing bodies of cities, large and small, as well as in State legislatures; and the recent presence of a Socialist in Congress is unlikely to prove merely a passing phenomenon. Everywhere the Socialists are rapidly making converts, and these converts seem always to possess the fierce ardor of religious propagandists.

"Refutations" of Socialism. Can we find in Socialism the true remedy for the social and industrial evils of today? Rarely if ever has there been a really effective reply to the contentions of the Socialists. There have indeed been many so-called "refutations of Socialism," such as the widely-reported lectures of Prof. Mallock at Columbia University several years ago; but, almost without exception, these "refutations" have been composed of mere platitudes, or of arguments based on an aristo-

cratic view of society and devoid of any significance for a Twentieth Century democratic community or nation. There have likewise been refutations of some of the economic theories promulgated by the Socialists, of which perhaps the most able and convincing is the criticism of the Marxian theory of value by Eugen v. Boehm-Bawerk in his two-volume work on Capital and Interest.* Such refutations are unfortunately expressed so largely in the technical terms of economic science that they are unsuited to, and for the most part unknown by, the class to which Socialism makes its chief appeal. Moreover, as we shall consider presently, Socialism cannot be refuted merely by refuting particular economic theories asserted in support of it. Probably the best criticism of Socialism as a whole is that of Prof. Richard T. Ely;† yet his position is so favorable to many of the Socialist contentions that some people have insisted that he is himself a Socialist at heart. But without taking time to examine in detail any of the various criticisms of Socialism, it will perhaps be worth while for us to consider independently the validity and merits of the Socialist doctrines and proposals.

What is Socialism? But before doing so, we must first determine exactly what we mean by the term Socialism. It is evidently impossible to discuss the subject intelligently if we are to regard as Socialistic every radical proposal, from the public ownership of telephones and the taxation of land-values to free love and anarchy. Neither should we center our attention exclusively upon the attitude of those extremists whose demands would be satisfied with nothing short of the sudden and violent confiscation of all private capital invested in productive industry. For the true definition of Socialism we must look rather to the statements of those who are recognized by the great mass of organized Socialists as their leaders, and to the formal declarations of the various Socialist conventions, especially those in our own country. ‡

A Political Program and an Economic Faith. In general, we may look upon Socialism either as a political program or

Capital und Capitalzins, Innsbruck, 1884; Second Edition 1900; English Edition, London and New York, 1890.

†*Socialism*, New York, 1894.

‡A good explanation of Socialism from this standpoint has been prepared by Miss Jessie Hughan, entitled *American Socialism of the Present Day* (New York, 1911); a careful reading of it is recommended to all who are interested in learning exactly what Socialism is—and what it is not, which is perhaps more important.

as an economic faith. As a political program, it demands the public ownership and management of all agencies used in the production of the necessities of life. As an economic faith, it affirms the labor-productivity theory of Karl Marx, with various corollaries and modifications developed during the last fifty years. There are many Socialists, especially among the so-called "intellectuals" or moderate wing of the party, who insist that Socialism should be regarded merely as a political program, independent of particular economic theories. This view was accepted by Prof. Ely, who accordingly discussed in his book merely the political aspects of Socialism. But since every recent Socialist platform, and nearly every Socialist writer or speaker of prominence, bases the demand for socialization of industry largely upon principles drawn directly or indirectly from the Marxian labor-productivity theory of value, it is impossible to gain a true conception of even political Socialism without a brief examination of this productivity theory.

THE MARXIAN THEORY OF VALUE.

The Measurement of Exchange Value. It is an interesting fact that nowhere in the chapter on Value with which Marx opens his celebrated work on Capital* does he attempt to give a precise definition of the term "value." He commences the chapter by defining a commodity as "an object outside us, a thing that by its properties satisfies human wants of some sort or another." (p. 1.) He then describes the familiar phenomena of use-value, or utility, and exchange value, which he later (in this respect following the custom of all economists) refers to simply as "value." After indicating that he is primarily interested in finding the method of measuring exchange value, he states that

> "The exchange value of commodities must be capable of being expressed in terms of something common to them all . . . As use-values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use value. If then we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labor." (p. 4.)

This one common element, continues Marx, must be reduced

*The following citations are from the London edition of 1906. In quoting I have changed the spellings of "labour," etc., to the American style.

to terms of "the same sort of labor, human labor in the abstract," in order to serve as the measure of value.

> "A use-value, or useful article, therefore, has value only because human labor in the abstract has been embodied or materialized in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labor, contained in the article." (p. 5.)

Marxian Interpretation of "Value." Before following his process of deduction further, it may be well to inquire just what Marx understands by the term "value." Altho he gives no precise definition of this term, he indicates two important restrictions upon the extent of its meaning. In the first place, he never regards any article as possessing "value" unless it is a product of human labor. Thus he states that

> "A thing can be a use-value, without having value. This is the case whenever its utility to man is not due to labor. Such are air, virgin soil, natural meadows, etc." (p. 7.)

Again:

> "An object may have a price without having value . . . for instance, the price of uncultivated land, which is without value, because no human labor has been incorporated in it." (p. 75.)

In the second place, Marx does not consider that all products of labor must necessarily possess value; he tells us that

> "Nothing can have value, without being an object of utility. If the thing is useless, so is the labor contained in it; it does not count as labor, and therefore creates no value." (p. 8.)

Interpretation of "Labor-Time Socially Necessary." Marx does not assert that the value of a commodity is determined or measured by the amount of labor which has been actually employed in its production; if this were so,

> "The more idle and unskilful the laborer, the more valuable would his commodity be, because more time would be required in its production." (p. 15.)

Value is determined (and measured), according to Marx, rather by "the amount of labor socially necessary, or the labor-time socially necessary for its production," which is the labor-time "required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time." (p. 6.) Allowance must likewise be made for differences in the quality of labor; clearly the labor of the foreman, the book-keeper, and the manager are not, in the measurement of value, to be counted as merely the equivalent of that of an ordinary unskilled laborer. Marx takes account of these differences by saying that

> "Skilled labor counts only as simple [i. e., unskilled] labor intensified, or rather, as multiplied simple labor, a given quantity of skilled being considered equal to a greater quantity of simple labor. Experience shows that this reduction is constantly being made." (p. 11.)

Marx also recognizes the existence of exceptional situations, where the ordinary principles do not seem to apply without additional explanations. Thus he explains the diminution of value resulting from a glut of the market, using linen as an example.

> "Suppose that every piece of linen in the market contains no more labor-time than is socially necessary. In spite of this, all these pieces taken as a whole may have had superfluous labor time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labor of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more labor-time upon his particular product than is socially necessary." (p. 80.)

Relation of the Marxian Theory to the Political Program of Socialism. Such in brief is the outline of the Marxian explanation of the source and measurement of value. The relation of this theory to the political program of Socialism is very simple. If all value is due to labor, clearly the entire value of every commodity must be the product of the laborer alone, and every particle of it taken from him in the form of rent, interest, or profit, must be so much robbery or "exploitation of the laborer." Indeed, if the original premise be once admitted, the conclusion is inevitable that any system allotting a portion of the values produced by labor to persons who have contributed none of the labor which created that value, is an injustice not to be tolerated by a society recognizing the most elemental principles of justice and equity. Nor is it clear how this injustice can be avoided under any system of private industry; without the expectation of obtaining interest no one will be ready to risk his capital in private industry, and without the hope

of profits few persons will be ready to undertake the management of such industry.

Can Labor be Reduced to a Single Unit? But we cannot admit the original premise. So far as anything in Marx' line of argument is concerned, the proposition that labor is the only source of value represents merely an assumption unsubstantiated either by logical reasoning or by experience. If one were to judge from the complex formulæ found in the chapter on "Rate of Labor Exploitation," it would seem that Marx himself must have considered his explanation of value sufficiently precise to be used as a basis for a mathematical treatment of the entire industrial system. We are however left in the dark as to some of the details essential to the most simple practical application of the explanation. In spite of his statement that the reduction of skilled to unskilled labor is a matter of every-day experience, Marx gives no hint as to how this reduction is actually worked out. We may readily admit that there must be some economic principle underlying the fact that a book-keeper receives, let us say, twice as high wages as a ditch-digger. But can this fact be explained by any of the principles stated or even hinted at by Marx? There is evidently nothing in the nature of the work itself to indicate that the book-keeper's labor is "multiplied simple labor," so that "a given quantity" of it can be "considered equal" to twice the same quantity of the ditch-digger's labor. Indeed, looking at the matter from a purely *a priori* standpoint, the situation would seem to be the reverse of this, for the labor of the ditch-digger is undoutedly far more disagreeable and exhausting. Again, Marx tells us that the price of labor is determined by the value of the commodities necessary to the physical existence of the laborer and his family. Is it then true that these necessaries cost the book-keeper exactly twice as much as the ditch-digger? No dout the former's standard of living is such that he looks upon many things as necessaries which the latter is accustomed to get along without; but this standard of living is by no means sufficiently definite to furnish a satisfactory unit for the measurement of value. In fact, it seems more reasonable to assume that the book-keeper's standard of living is determined by the customary wages of book-keepers, than that this standard is itself determinative of his wages, and that thru these wages it enters into the value of every commodity produced in the shop in which he works.

Can Value be Measured by any Labor-Time Unit? But even if we were to admit the possibility of reducing all forms of labor to a single labor-time unit, it would still be impossible, in

a practical way, to measure values by means of such a unit. Marx says that the labor which determines value is the amount required to produce an article under the "normal conditions of production." But what are these "normal conditions of production"? No dout it is possible to estimate with reasonable exactness the amount of raw materials, mechanical appliances, etc., necessary to the normal efficiency of any industry. But it is scarcely practicable to measure the "normal" productivity of an agricultural laborer by estimating a "normal" amount of fertility of the land on which he works, nor that of a factory laborer by estimating a "normal" amount of natural water-power, nor that of a clerk in a city store by estimating a "normal" amount of favorable location for the store. In short, there is practically no industry in which it is not necessary to make so much allowance for variations with respect to natural resources or advantages of one sort or another as to make the "normal conditions of production" a rather vague and uncertain quantity.

Use Value and Exchange Value. It is not however on the basis of its success or failure in furnishing a unit for the measurement of actual values that the validity of the Marxian theory is to be judged, but rather from the standpoint of pure deductive reasoning, since it is upon deduction rather than induction that Marx has consistently relied. From this standpoint we find at least three serious defects in his line of reasoning, any one of which is almost fatal to the scientific validity of the entire theory. In the first place, Marx has not shown any logical justification for summarily dismissing the matter of use value as a possible explanation of exchange value. Even if use values are primarily qualitative and exchange values primarily quantitative, it does not necessarily follow that commodities as exchange values cannot contain "an atom of use-value." Altho the significance of the word "atom" in this connection is perhaps a little uncertain, it seems clear from his next sentence that Marx means to say that the matter of use value does not in any way enter into the determination of exchange value; otherwise, he would not have expressly put it aside to seek elsewhere for the source and explanation of exchange value. But the weakness of his argument at this point is clearly appreciated when we observe that Marx himself states in another connection that "nothing can have value, without being an object of utility," and that he even admits (in his discussion of a glut of the market) that the *amount* of the exchange value of a commodity is in some way determined by the *amount* of its use value. Under these circumstances, it would seem that the Marx-

ian theory must be declared unproved by reason of the failure to show any satisfactory ground for ignoring the matter of use value.

Is there "Only One Common Property Left"? But even if we were to assume that Marx was justified in ignoring use value, it would not by any means follow that exchange value is necessarily due to the fact that commodities are the products of human labor. Marx indeed asserts that this is the "only common property left" after use value has been eliminated. He does not however make any attempt to prove this assertion, either inductively or deductively; and unfortunately it is not an assertion that can be accepted as true without something in the line of proof. From Marx' own definition, it would seem that all commodities must have at least the two common properties of being physical substances and of being capable of satisfying human wants of some sort or other. Moreover, there are other properties which appear to be common to all commodities; for example, that of being limited in supply, that of being appropriated by individuals as private property, and that of being objects of demand in the market. How then can it be said that there is only one common property? Perhaps some defender of Marx will try to interpret his statement to mean "only one common property which has any influence upon exchange value." But even if we should accept this interpretation (which is really an important modification of what Marx actually said), we are still confronted with the crucial difficulty, viz., what reason is there for assuming that none of these other common properties can have as much to do with the exchange value of commodities as does the fact that they are products of labor? Clearly this assumption can be justified only by demonstrating either that no one of these various common properties can be a determining factor of value, or that labor is in itself sufficient to explain value; and Marx has made no attempt to demonstrate either of these two propositions.

Are All Commodities Products of Labor? Nor is this all. Marx says that "the exchange values of commodities must be capable of being expressed in terms of something common to them all," a statement with which everyone will surely agree. But it is perfectly clear from this proposition that labor cannot be the source of value, since little or no labor has ever entered into the one commodity which possesses far greater value than any other, viz., land. Land certainly conforms to Marx' definition of "commodity," since it is "an object outside us" which satisfies the highly important human want of a place to stand on. If Marx has seen fit to modify his original definition of "commodity"

so as to exclude land and all other articles not produced by labor, we have no wish to quarrel with him over the matter of terminology; but it is evident that by excluding these articles he is assuming the very thing he is called upon to prove, viz., that there is a necessary connection between value and labor. It is not likely that Marx would have fallen into this particular error if it were not for the fact that he has nowhere given a precise definition of "value." When he distinguishes between use value and exchange value, one is naturally led to suppose that he has in mind the only sort of exchange value with which scientific economists need to concern themselves, viz., the value for which a commodity actually exchanges. But before he has finished the primary explanation of value, we find that he has quietly shifted his ground, and is now talking about some new kind of value, which no one before ever saw or heard of—a value which may or may not correspond to actual market value, and which exists, not in all commodities, but only in those which happen to be the products of human labor! Of course, anyone will readily admit that if "value" is to be defined arbitrarily as the amount of labor embodied in a commodity, such a "value" can be measured solely in terms of some labor-time unit; but such a process of reasoning is of little scientific value as an explanation of the phenomena of actual industry.

Articles which have "a Price, but no Value." We know that there are in the market commodities in which little or no labor has ever been embodied, which nevertheless are constantly being bought and sold and are regarded by everyone but a follower of Marx as articles of value. Let us see what these articles are. First, all land and other natural resources, including mines, oil-wells, water-power, etc.; second, natural forests, wild fruit, etc.; third, curiosities, mementoes, etc.; finally, we mite suggest still a fourth class of articles whose value is out of all proportion to the amount of labor embodied in them, viz., all articles whose production or sale is to any extent controlled by a monopoly. These four classes of commodities are not so unimportant that it is proper, in a serious attempt to explain the phenomena of value under a system of capitalism, to ignore them on the ground that they possess "a price, but no value." There must be some scientific explanation for the "price" which they possess; and, in the absence of some direct proof to the contrary, it would be only reasonable to assume that the same explanation would apply to other commodities as well. Marx has made no attempt to explain the cause of the "price" which is not "value,"

and consequently has not shown any reason why the same explanation may not apply to the exchange value of all commodities—thus leaving the Marxian concept of "value" as an abstraction which explains nothing in the realm of concrete reality. Nor can we ignore the fact that there are, as Marx himself admits, articles which are the products of labor, and nevertheless have no value, because they are devoid of any practical use. The Marxian explanation that in this case the labor "does not count as labor" may perhaps satisfy those who want to be satisfied without analyzing the situation, but it is scarcely a lucid or scientific explanation of the phenomena of actual experience.

A Parallel Case. Marx appears to have proceeded somewhat after the following manner. A person wishing to prove that red hair is the cause of quick tempers discovers upon investigation of a considerable number of people that there are in the group investigated 200 persons who have red hair and also quick tempers, 50 with red hair but without quick tempers, 60 without red hair but with quick tempers, and 1000 without either red hair or quick tempers. In analyzing these figures, he starts by ignoring the 60 altogether, and next says that, as to the 50, he will call their hair not red but auburn. Consequently there remain for consideration only 200 people with red hair who all have quick tempers, and 1050 without red hair and also without quick tempers! In the same way, Marx has calmly ignored the fact that there are many commodities which are not products of labor at all, but which nevertheless are constantly being bought and sold in the market and appear to possess all the ear-marks of value; he then gets rid of those products of labor which have no value by saying that in this case the "labor does not count as labor." Certainly a theory based on such a process of reasoning and unsupported by any inductive proof cannot be regarded as a convincing argument for the adoption of any radical modification of our industrial system, such as that proposed by the Socialists.

Non-Marxian Exploitation Theories. No dout there are Socialists who have worked out a labor-productivity theory which is less subject than is that of Marx to the particular objections outlined above. It is however unnecessary to consider them here, for it is the Marxian theory that has been made the basis of the political demands of the Socialists, in so far as these demands are based on any economic theory. It may be worth while to note incidentally that Socialists do not seem to be agreed even among themselves as to what is included in the term "labor." Marx himself, and all the clear thinkers of the group, have undoutedly included in this term every kind of socially useful activity, at least if such activity is connected with any industrial process; but most Socialists are very loath to admit that anyone not engaged in tangible physical labor is really entitled to any reward for his services. They are inclined to say that all lawyers, stockbrokers, and merchants, as well as landlords and capitalists, belong entirely to the parasitic class.

Partial Validity of the Exploitation Theory. We may then safely regard the Socialist doctrine that the modern system of private industry necessarily involves the exploitation of the laboring class, as an assumption unsupported by any of the economic principles in which it is alleged to find its origin; indeed, we may almost say that this doctrine is merely the prejudiced view of those who look at the situation exclusively from the standpoint of the wage-earning class. But it does not necessarily follow that there is no truth in the doctrine, or that there may not actually be a large amount of very real exploitation of the laborers under the present system of distribution. The concensus of opinion among those who have made investigation of the actual conditions is that the present system is not calculated to allot to the wage-earners what is really their due, from whatever standpoint the question is approached—unless on the principle that every man is entitled to all he can squeeze out of everyone else. The present conditions are certainly not so satisfactory that we can dismiss the entire Socialist program, merely because its economic basis appears to be theoretically unsound. If it is possible to advocate Socialism apart from the Marxian theory of value, a complete refutation of this theory is not necessarily a refutation of Socialism. As Prof. Ely says: "Socialism is as strong as the strongest possible statement of it." We must accordingly consider the political demands of the Socialists on their own merits, irrespective of any economic doctrine.

THE POLITICAL PROGRAM OF SOCIALISM.

Significance of the Extremist Attitude. But before attempting to estimate the validity of Socialism as a political program, we must take account of the attitude of the extremists imbued with the Marxian doctrines, who insist that nothing short of the complete abolition of interest, rent, and profits will give us industrial justice. We have said that these extremists do not determine what Socialism really is. But it is clear that if the Socialist party ever secures control of the government, these same

extremists will be able from their position in the party to exert an important and possibly dangerous influence upon the management of public affairs. We must bear in mind that even the most moderate Socialists refer constantly to the class struggle in terms implying that they regard it as something both inevitable and desirable; they use this phrase as the basis of their appeal to the wage-earners to rise up and put an end to the existing oppression and robbery of the proletariat. It is probably true that the moderates interpret this class struggle largely, if not entirely, in terms of a conflict of industrial interests; but there is much reason to fear that many Socialists interpret it to mean that, if Socialism shall ever secure a complete political triumf, the wage-earners will conduct the government exclusively in their own interest, to the utter disregard of every other class. The actual attitude of the Socialists as they are at present organized in the United States was illustrated during the city campain in Los Angeles for the election of mayor and council in 1911. The Socialists commenced their campain by denouncing the authorities for prosecuting two dynamiters who, unfortunately for the Socialists, confessed a few days before election; they repeatedly attempted, by means of disorderly conduct, to break up the public meetings held by the Good Government forces; their campain speakers devoted much of their time to uttering grotesk distortions of facts, and attempted to influence the less intelligent laborers by making extravagant promises of increased wages all around in the event of a Socialist victory. It is a significant fact that in this campain the Socialist candidates were openly supported by the forces of organized vice.

Difficulties in the Way of Establishing Socialism. Is it reasonable to assume that a political party of such a character would be able, if given complete control over the machinery of government, to solve the complex problems of modern industrial life? The task of substituting a general governmental bureaucracy for the present system of private industry—no trifling matter under the most favorable conditions—would be greatly complicated in the event of the triumf of a party confessedly based on class interest, with all kinds of anarchy and vice boldly flaunting themselves under the banner of Socialism and demanding protection as the reward for their services to the Socialist campain. It would in any event be very difficult to secure competent and willing service for the most important industrial posts, except at salaries higher than are likely to be paid by a government controlled by wage-earners and imbued with Marxian doctrines. Nor is it likely that such a government would be inclined to select for

these posts the men most competent to fill them, viz., those who have had experience in directing great industrial enterprizes in the past. Even if this were the case, it is scarcely conceivable that such men would be ready to give their best service to the government under a regime which they would consider based on injustice.

Financial Difficulties. The great financial interests, always ready to threaten a panic whenever their right to exploit the public is seriously challenged, cannot be expected to submit to the introduction of a Socialistic regime without making their power felt to the uttermost. Nor would this power for evil be without significance. The financial problem involved in the establishment of a complete Socialistic regime is not one to be regarded litely. When we consider the fact that the steam railways alone are capitalized at considerably over ten billion dollars (and after making all possible allowance for "watered stock" the figure would not be less than five billions), it is evident that there is not enuf money in existence to buy any considerable part of the important industries of the United States at their present value. It is also clear that the bond issue required for such a purchase would be too great to be floated for many generations, irrespective of the artificial difficulties that would be piled up by the hostile financial interests.

Compulsory Acceptance of Bonds Unsatisfactory. Nor can Socialism offer instead of a general bond issue any feasible alternative upon which we can look with equanimity. A voluntary consent of the present capitalists and managers of industry to the exercise of public control is of course not to be thot of by any but the blindest optimists. The compulsory exercise of such control, with no provision for the compensation of the present owners, would be nothing less than a measure of general confiscation. Even a compulsory transfer of the control to the government, with a payment in bonds promising a certain rate of interest, would be extremely distasteful to the present owners, for they would have no confidence that the government would be able to pay the agreed rate of interest. It is by no means improbable that the financial interests, rather than submit to such a measure, would take up arms in defense of their property rights. In this resistance they would very likely be supported by substantially all the middle class, including farmers, small merchants, professional men, and independent artizans, as well as a large number of wage-earners unwilling to uphold the Socialists in a program of wholesale confiscation.

Effects of a Civil War. The benefits to be obtained as a result of establishing a Socialistic regime cannot reasonably be regarded as worth the tremendous cost, in lives and wealth, of a civil war. Nor could these benefits be realized for a long time after the termination of such a struggle, even assuming that the issue would be certain to result favorably to the Socialist government. All the difficulties in the way of Socialism under ordinary conditions would be many times increased, in the event of a civil war in which the capitalists were overcome by a Socialist government, on account of the feeling of bitterness on the part of the defeated class, and the unwillingness of the laborers to submit, even in an industrial way, to the direction of members of that class; moreover, a large number of the most capable men of all classes would have been killed in the war or so injured as to be unable to resume their place in industrial activity.

Is Civil War Inevitable? There are many persons, both Socialists and non-Socialists, who believe that civil war is inevitable. They point to the apparently growing animosity in the industrial world, to the greater extensiveness and severity of strikes in recent times, and to the tendency of the strikers to resort to rioting and dynamite on a larger scale, as evidence that a peaceful solution of the industrial problem is impossible. But the fact that the real struggle is being transferred to the political field, thru the enlistment of the great mass of the wage-earners in the Socialist party, is a sine favorable to a peaceful solution. In spite of the extreme demands of many Socialists, to which we have referred, and in spite of the present uncompromising attitude of the party, there is much reason to believe that a more conciliatory attitude will characterize the Socialists before they ever secure control of the government. It has always been observed that minor parties, so long as they remain hopelessly such, are inclined to give expression to very radical sentiments. But as these parties gain in numbers and influence, the new accessions are in general more moderate and less uncompromising than the early enthusiasts. Nor are sines wanting that such a development is already taking place in the Socialist party. The anarchists were long ago completely banished from participation in the Socialist councils and conventions, and later the more extreme of the Socialists themselves seceded from the main group to form the Socialist Labor party.

There are indeed many Socialists who still insist that there must be "no compromise with the enemies of labor," applying this designation to all persons, even the officers of the American Federation of Labor, who refuse to accept the doctrines of Socialism.* But not all of the present Socialist leaders are unwilling to admit the possibility that truth may exist outside their own group; the so-called "intellectuals," or moderate wing of the party, are steadily gaining the ascendancy, especially in the national organization. Wherever Socialists have been actually elected to office, and confronted with the task of attempting to put some of their doctrines into practical operation, there has been a strong tendency for them to modify the motto of "No compromise," and to be ready to work with non-Socialists for the carrying out of practical measures of relief. On the other hand, there is much evidence of a desire among non-Socialists for a harmonious effort to solve the industrial problems; among the sines to this effect may be mentioned the formation of organizations with names such as "Christian Socialist," etc.

Future Harmony to be Established thru Education. The chasm between the extremists in the camps of labor and of capital is undoutedly too wide to be bridged during the present generation, so as to secure harmonious action between all parties; but the time is not far distant when it may be possible to secure a united effort of moderate Socialists and progressive non-Socialists for the establishment of a new social and industrial order, in which the present class struggles will become obsolete. If a basis for such co-operation can once be secured, we may safely trust to the process of education to bring about the general acquiescence of future generations in the principles of the new order. But no such acquiescence can be looked for, nor indeed can we expect any cessation of the present class struggle, unless the basis of co-operation can be worked out in the form of a practical program which will offer a real solution of the existing problems, and an immediate and steady (if not perhaps rapid) progress toward the elimination of the most serious evils afflicting our industrial life today.

POSSIBLE BASIS FOR A COMPROMISE.

Common Humanity of Capitalist and Laborer. How can such a program and such a solution be found? Both capital and labor are determined to maintain their rights at all costs, and neither side is ready to yield to the other or to the State at any

*An example of this attitude is found in the protest of the Pittsburg local against Victor Berger's attendance at a conference of labor union members of Congress summoned by President Gompers in 1911.

important point in its demands. Yet both parties profess to want a "square deal" all around. Both parties are composed of human beings, with human interests and sympathies distinct from, and often in conflict with, their class interests. It is to this spirit of fair play, and to these common human interests, that a compromise program must direct its appeal. It must be so clearly based on principles of justice and fair dealing that many whose individual and class interests are interfered with in some particular will be ready to give it their acquiescence, if not their enthusiastic support. But the chief support for such a program must be obtained from the middle classes—from those who are either disinterested in the struggle between capital and labor, or who are interested on both sides. From all such we may reasonably expect a primary interest in securing a just and peaceable solution of the problem. The specific proposals included in any compromise program must of course be put into operation thru the compulsive force of the State, the only organization representing society as a whole.

No Distinction Between Labels. We have seen that the doctrines of Socialism, being largely based on an untenable assumption, are not to be accepted *in toto*. We have, however, also seen that Socialism offers the only scientific attempt to meet the entire situation in a scientific way, and that it has never been refuted as a whole. Clearly, then, there must be some merit in Socialism, some element of truth in its contentions. Our compromise program must accept and hold fast to this element of truth, but reject everything based merely on erroneous economic doctrines; each specific question must be determined on its own merits. If such a program is to have the support of both Socialists and non-Socialists, it must not make any distinction between specific proposals according to whether they are labeled Socialistic or non-Socialistic; the test must be one upon which both Socialists and non-Socialists can agree.

Socialism vs. Social Point of View. Before attempting to state what should be the fundamental guiding principles for a compromise program, it may be well to consider briefly the true significance of the term Socialism, and of Individualism, so often used as its antithesis. We have said that Socialism must be thot of as the economic faith and the political program of the organized group who call themselves Socialists. There are indeed those who call themselves Socialists, altho having little or nothing to do with this organized group; they insist that the true meaning of Socialism is the emphasis of the social point of view in the consideration of social and industrial questions, i. e., the placing of the interests of society above those of the individual, wherever these are clearly in conflict. There is no dout much truth in this contention, from an etymological standpoint. But since the word Socialism is today almost invariably associated with the economic doctrines of Karl Marx, and with the political demand for the public ownership and management of the means of production, it is better to restrict our use of the term to these doctrines and demands of the organized Socialists, and to say that the other so-called socialists are merely exponents of the Social Point of View.

Individualism vs. Forced Uniformity. The meaning of Individualism cannot be determined in the same way as that of Socialism, for there is no important group organized under the name Individualist. The etymological meaning of the word has accordingly been pretty well preserved. There are however two quite distinct senses in which the term Individualism is thot of, neither of which is exactly the opposite of Socialism. In one sense, it refers to the freedom of the individual from enforced uniformity, and his opportunity for self-development; in this sense we speak of the Renaissance as Individualism in Art and Literature, of the Protestant Reformation as Individualism in Religion, and so on. It is evident that here we are not using the term Individualism as the antithesis of Socialism, since no one at all familiar with the doctrines of the Socialists would assume that they seek to restore ancient or medieval restrictions upon the freedom of the individual in his private life. There are no dout some restrictions upon individual freedom in private life which may be desirable from a social standpoint—a few such will be considered among our specific proposals—but these are not truly Socialistic in their nature.

Individualism as a Form of Anarchy. The term Individualism is also employed in another sense, having special reference to industrial affairs. The freedom of the individual from limitation by society is here made a sort of fetish, and we are told that the State must keep its hands off entirely. This type of Individualism, represented by the Manchester school of political economists, adopted the principle of *laissez faire* as its central doctrine, and maintained that the ideal condition of industrial—if not indeed of political—life is a condition of entire freedom from governmental control. Thus the economists of a hundred years ago strenuously opposed labor legislation of all kinds, as an undue interference with individual freedom. The modern proponents of this type of Individualism tell us that the right of private property,

as well as that of life and liberty, is "absolute, inherent, and inalienable;" that every person has the right to manage his property "just as he pleases," regardless of the interests of anyone else, or of society at large; that this right includes that of so tying up one's property that after the death of the original owner future generations may be bound by the conditions established by him; and that the only proper function of the State with respect to property is to protect the present owners in their absolute dominion against all other persons.

Property not an "Absolute Right" but a Social Privilege. This extreme doctrine of the "divine right of private property," like its predecessor, the "divine right of kings," seems destined to be swept away before the searching analysis to which it is being subjected in the Twentieth Century. Already many important limitations have been imposed upon this "absolute" right of private property, in the interest of society at large. We have come to recognize that the man is of more account than the dollar; that human rights are more sacred than the "vested rights" of property. We have also come to realize that no commodity is exclusively the product of the labor and capital of any single individual, since society has contributed an important element in every productive operation of modern industry. A Morgan or a Rockefeller stranded on a desert island could not by his own exertions produce any great amount of wealth. It is in recognition of the social element in production that the State has established rules of eminent domain, taxation, "police power" regulations for the prevention of fire and disease, limitations on the power to devise property by will, and many others along the same line. In all these matters, the rights of the individual are obliged to yield to those of society as a whole.

In our compromise program, we must adopt and adhere to the Social Point of View, as opposed to the extreme Individualism of the Manchester school. We must hold that private property is not an "absolute right," but merely a privilege granted to individuals by society for a social purpose—a privilege which society may and should revoke whenever (and to the extent that) it appears no longer to serve a useful social purpose. In taking this stand, we shall undoutedly be obliged to part company with many persons who are seriously and conscientiously attempting to solve the social and industrial problems of our time from an individualistic standpoint. But unless we are to turn our backs upon the entire development of social legislation during the last century, we must recognize as firmly established the principle that, in case

of irreconcilable conflict, property rights must always yield to the rights of humanity.

It does not necessarily follow, however, that we must adopt the complete Socialist program of public ownership and management of the means of production. The decision as to the adoption of this program, in whole and in each particular, as well as the conclusion to what extent private property continues to serve a useful social purpose, must be made on the basis of a careful examination of every phase of the problem. In this examination we must attempt to eliminate all our existing prejudices and interests, and to make use of all lite, from whatever source, that may be thrown upon the situation.

FUNDAMENTAL PRINCIPLES UNDERLYING A COMPROMISE PROGRAM.

The Two Great Primary Principles. The first and most fundamental principle, then, upon which a compromise between moderate Socialists and progressive non-Socialists must be based, is the placing of the general welfare of society above that of any individual or class interest. Scarcely second to this principle in importance is the principle of equality of opportunity. Neither of these two fundamental principles is a statement of anything new. The emphasis placed on the general welfare, or "the greatest good of the greatest number," by the Eighteenth Century political philosophers has led to its almost universal acceptance as the primary guide for all political action. Altho the supremacy of this principle may be questioned by some of the extreme Socialists, who prefer to magnify the principle of class interest and to attempt to prolong the existence of class struggle, a recognition of its supremacy is essential to the securing of a true compromise and an ultimate harmonization of interests, based on the common humanity of the laborer and the capitalist. The other principle, that of equality of opportunity, has often been loudly proclaimed as the watchword of America, and has occasionally been asserted as the antithesis of an assumed Socialist demand for forced uniformity, as being more in conformity with the spirit of a free community than is such a demand (which, as we have said, should not really be charged up to the Socialists). The complete application of these two principles of the supremacy of the general welfare over class interest, and equality of opportunity, to the actual conditions of modern industrial life would involve many and important consequences, as we shall see in the following pages.

For the present it may be well to inquire a little more definitely what is the real significance of each of these principles.

Religious Authority cannot be Recognized. Starting then with the principle that the interests of the whole of society are to be regarded as of more importance than those of any single class, it follows as a necessary corollary that the State should never consciously deviate from this principle, whatever authority or influence may demand such deviation. Not even religious authority can be recognized as sufficient to justify the retention of any institution not serving a real social purpose. Religion is primarily an individual matter. No individual is to be condemned for being influenced in his political attitude by his religious views; indeed, he is certain to be so influenced, if he possesses any religion worthy of the name. But the State is not an individual; it is not regarded as having any religious views. It is a generally admitted fact that the influence of religious organizations, wherever they have been able as such to exert control over the State, has been cast largely against the true progress of society. Feudalism, slavery, the Inquisition, polygamy, have each been sustained by the highest religious authority; but each has been obliged to give way before the demands of an advancing civilization. Fortunately there is no religious authority so generally recognized by the whole population of the United States as to cause serious danger that the State as such will be materially influenced by any religious organization. Independent of religious authority, all social institutions—private property, marriage, even religious organizations themselves—must be tested before the bar of public opinion by the principle of social desirability; and every institution or element failing to meet the test must be modified or cast out. We have already got rid of the divine right theory as applied to the rule of monarchs. Let us not retain it with regard to any other social or industrial institution. The basis of our compromise must be broad enuf to unite all classes, all races, and all creeds—in short, to harmonize all conflicting interests in the welfare of the entire community.*

Balancing of Interests. Before the test of general social utility can be applied to any particular institution, to determine whether that institution is to be abolished or retained (and if

*But altho the State, in determining any public action, may not properly take account of religious principles as such, it may of course take account of moral and ethical principles, even tho these have had their origin in religious doctrines.

retained, what modifications in it are desirable), it is evident that such institution must be subjected to a thoro and searching analysis, which shall take account of the effect of every element of the institution in question. Care must of course be taken to consider the remote and incidental effects of each element, as well as the effects which appear on the surface, for no superficial judgment can be regarded as truly scientific. In balancing off the good and the bad effects, consideration must be given to the interests of every person or group concerned. It is in connection with this balancing of interests that the chief difficulty of the entire compromise program lies, for it would seem to require a valuation of the various interests according to a scale of relative social merit. And who is competent to establish such a scale? to determine, for example, the relative social value of the interests of the agricultural and of the professional classes? The Socialists will maintain that only the working class is entitled to consideration at all; the extreme individualists will contend with equal insistence that the landlord and the capitalist are entitled to more consideration than the ditch-digger and the farm laborer. These points of view are so utterly irreconcilable that it may at first seem that no solution of the problem is possible. Certainly the final determination cannot safely be left to any one class, or to any group less than the whole of society; that is, it must be left to the State—the one institution representing all classes of society.

Careful Analysis vs. Intuitive Judgment. The comparative valuation of the various social and industrial interests is no new function which we are seeking to impose upon the State. Such valuations are constantly being made, and must continue to be made, by the State. But at present these decisions are seldom made on the basis of a careful analysis, with a serious attempt to weigh and balance off the conflicting interests according to any scale of merit or justice, or indeed on any consciously recognized basis, unless it be that of comparative political influence. In making these social valuations of the interests of different classes, society, thru the State, will no dout always make occasional mistakes of judgment; and society will always be obliged to pay the penalty for its mistakes in this respect. But a great gain will be secured if what is at present merely an intuitive or off-hand judgment is made a matter of conscious analysis and balancing off of the conflicting interests according to some recognized scale of social merit.

Importance of Democracy in Political Institutions. In order to insure the proper balance of influence among the

various classes, it is essential that the machinery of government be as democratic as possible. Our present political machinery is so organized that the classes interested in the preservation of existing institutions have much more than their due influence. There is not space here to discuss the various reforms that are desirable from the standpoint of democracy in political organization. Most of the needed reforms are already well on their way toward realization in the United States, and there is good reason to believe that in a few years we shall have a political organization sufficiently democratic to ensure an opportunity for every class to make its interests felt by the State.*

The interests of society, being in general those of the greatest number, will, in the long run, be most efficiently advanced by that political system which gives the fullest effect to the will of the greatest number. There will of course always be times when the majority will mistake their true interests, and when a determined and unscrupulous minority will be able thru specious argument or fraudulent practise to override the real desires of the majority. But at present there is far more danger to the general welfare of society from the utilization of undemocratic machinery of government by special interests opposed to the general interest than there is from well-meaning but misguided attempts of the mass of humanity to realize their own interests. We must not of course expect perfect results in the line of the balancing of interests from any democracy. Such results would require a mind far superior to that of any human being, and are far in advance of what can be expected of society collectively. The most that can be claimed for democracy is that every other system of government has been tried and found wanting, from the point of view from which we are approaching the question; while democracy has in practise shown fewer mistakes than any other system. Indeed, we mite almost say that in every community or nation, mistakes of judgment in the valuation of conflicting interests are made in approximately inverse ratio to the amount of democracy in its governmental organization. It is often said that the mass of humanity are incompetent to determine their own interests from an unprejudiced standpoint, and that they will always rate the interests of the present hour more highly than those of the whole of the coming month. There is no dout much truth in this criticism; but unfortunately there is no agency except human beings

*One reform, which is especially desirable from this standpoint, and which seems not to have received any considerable amount of serious discussion in this country, is Proportional Representation.

to whom it is possible to entrust the machinery of government. We must choose between *all* the people and some part *less* than all. If our aim is to secure as nearly as possible a true representation of the interests of all classes, it seems clear that there is no *part* of the community which can be so well trusted to give that representation as can the whole. It should be noted before leaving this subject that aristocracy almost invariably possesses such a strong bias in favor of established institutions as to be fatal to any attempt to subject these institutions to a searching and impartial test from the standpoint of social utility.

Valuation of Conflicting Interests. But in presenting a program seeking to secure a harmonious reconciliation of interests for the welfare of society as a whole, it is incumbent on us to do more than merely point out the desirability of providing a political system under which this result can be worked out more satisfactorily than under the present system. We should be prepared to offer some suggestions as to a scale for weighing conflicting interests, for the guidance of those altruistic individuals who are able to a large extent to eliminate the personal factor, and to act solely on the basis of what they regard as the public interest. Such individuals cannot fail to recognize the existence of differences in the intensity of different interests. Every person regards his interest in life and liberty as of more consequence than most of his other interests. Most of us rate very highly the interest in exercising a certain amount of free choice in determining our surroundings, especially in the matter of our personal associations. These differences in intensity of interests are to some extent reflected in a democratic organization of society; in an election we are apt to slite such of our interests as seem of minor importance, but to resist strenuously any proposed political interference with what we consider our most vital interests. It must also be recognized that permanent interests are to be preferred to temporary ones; in this respect it will probably always be necessary for public-spirited and far-seeing individuals to stand out against the short-sighted policy of the masses.

Again, the normal working of democracy would be to give comparative weight to the interests of two classes or groups in almost exact proportion to the number of persons composing the two classes or groups. In general, this would seem to be in accordance with the larger social welfare, for if the interests are intrinsically of equal social value, the number of people sharing each interest must determine which interest possesses greater total social value. But there are various exceptions to this general

principle. It is clear that the interests of those classes which contribute to the production of wealth in the broadest sense of the term are entitled to more consideration than are the drones. This does not mean that we should exclude from consideration all persons who do not produce physical commodities; the artist, the teacher, the home-maker—all minister to the welfare of society far beyond the power of commercial measurement. Indeed, it must be recognized that the services which minister to intellectual, esthetic, and spiritual needs are of more social value than those satisfying merely the desire for physical commodities. Whether persons rendering such service should receive a larger material compensation than others is perhaps an open question; but at least in the matter of training and equipment they should certainly be given the preference.

Margin of Uncertainty in Social Valuations. In order to decide upon the retention of any institution, it is not sufficient to show that it possesses some good features. Nor, on the other hand, can its condemnation be decreed merely because it possesses some objectionable features. We have said that there must be a balancing of the good and the bad, taking account of the remotest effects. But every institution has many remote and indirect effects, some of which can be only ruffly gessed at by even the best experts. Even if we assume the practicability of assining a definite social value to each of the various conflicting interests, any analysis of the social desirability of any institution is bound to include a large margin of uncertainty and possible error. Moreover, in the case of long-established institutions, there is great danger, on account of their very familiarity, of overlooking remote and indirect benefits. On the other hand, every new institution is almost certain to possess objectionable features that could not have been foreseen in advance of its actual operation. Consequently, it would seem that the benefit of the dout arising from the margin of error in all calculations of social values should be given to the existing institution. We must not indeed fall into the weakness of clinging unreasoningly to the traditions of the past, merely because they are established, or because of the effort required to accomplish a change. We should however bear in mind that every existing institution had in all probability at one time a valid social reason for its existence, or its original establishment would never have been tolerated by society. It is reasonable to assume, in the absence of clear evidence to the contrary, that some social value still remains in the institution. We must also remember that evolution is ordinarily better than revolution. It is generally

safe to allow something for the development of existing institutions to meet new conditions, especially under the spur of severe criticism. In the past, many institutions, whether religious, political, or industrial, upon suffering severe attack, have been gradually so modified as to make the most serious objections no longer applicable.

Loss Always Involved in Change. We must be careful not to make a radical change in any institution, only to find that by reason of the margin of uncertainty in our calculation we are really worse off than before. The old conditions can seldom be restored without serious loss, and the effect of the unsuccessful attempt at radical change will tend to discourage future moderate changes in the same institution. The mere fact of change may itself be productive of injurious consequences. Any important modification of economic institutions is likely to result in a shifting of industrial interests, so as to benefit one class and injure another, with perhaps no just reason for so doing; such a result always tends to develop a feeling of uncertainty in all classes as to the permanency of their rights, a feeling which is never conducive to the general welfare. Moreover, the process of readjustment is certain to cause much loss of time, and time is an article not to be despised by society, any more than by an individual. It may be remarked in conclusion that there is little danger that any of the principles stated in this paragraph are likely to be violated by a truly democratic community. The mass of humanity is notoriously conservative in action, however radical may be the sentiments occasionally expressed in words.

Social Experimentation. Wherever possible, any change in existing institutions should be introduced gradually rather than all at once, and ordinarily by experimentation on a small scale at first. Care should be taken in such experimentation to secure, for the test, conditions as nearly normal as possible. The results of every social experiment should be carefully and scientifically analyzed, eliminating every element of the accidental or extraordinary in the phenomena observed. The benefit of every reasonable dout arising from this analysis should be given to the institution or modification tested, since nothing can be developed in a perfected state at the time of its first application. Society must be reasonable in its expectations of reform, in whatever line.

Equality of Opportunity vs. Absolute Uniformity. Turning now to the second of our fundamental principles, that of equality of opportunity, we must at the outset clearly distinguish this principle from that of absolute uniformity, which is

neither possible to attain, nor would it be desirable if possible. In order to secure the benefits of a division of labor, the work of the world must be divided into many diverse occupations. We must accordingly recognize differences of function between different individuals. We must also recognize diversity of interests, tastes, and capacities. Even among children of the same parents, with apparently the same heredity and environment, we often see the most marked diversity of abilities and interests. The State must not attempt to counteract all such differences; this would be a superhuman task, and the result, if possible, would not be desirable. Apart from the necessity for division of labor, it is to be noted that we always prefer to have variety among our personal friends and associates; a nation composed of persons alike in all respects would be extremely monotonous and uninteresting. The most that can safely and wisely be done by the State in the way of attempting to secure equality is to remove artificial restrictions upon the opportunities of individuals to develop their capacities and interests, giving especial attention to those exceptionally deficient in opportunity, such as the blind.

Applications of the Principle of Equality of Opportunity. But altho it is not necessary or desirable to reduce all individuals to the dead level of a common uniformity, it is, as we have said, absolutely necessary for us to recognize the principle of equality of opportunity. There have not been wanting examples of the application of this principle in specific situations. It is this principle that has furnished the demand for laws against rebates and other forms of railway discriminations, and which lies at the basis of all social legislation, especially laws relating to housing conditions. In fact, there is scarcely any province of law in which we do not find important applications of the rule that equal opportunity is to be given to all citizens, without discrimination on account of extraneous considerations. But the complete application of the same principle in all the analogous situations is no simple operation. In fact, it would scarcely be an exaggeration to say that this principle is at the foundation of every one of the specific proposals that we have to offer as a solution of the social and industrial problems of the present day. There is a wide field in which it is possible to secure equality of opportunity without tending to reduce all persons to a common level of mediocrity. Especially is this true in the matter of education. Since we need division of labor in industry, it is evident that the technical training received by one individual must be different from that of his neibor who expects to enter a widely different

occupation. But it is possible to give all a fairly equivalent training, suited to the particular line of work to be pursued. The important point to be borne in mind is that all differences in treatment must be based on some good reason, such as the natural capacities of the individuals concerned, or their future purposes; there must be no distinctions based on race, creed, class, or inheritance, but only such as offer a reasonable probability of promoting social utility.

PART II.
Specific Proposals.

INTRODUCTORY.

The following suggestions are not intended to furnish a complete system, but merely a working basis for a compromise with Socialism or an immediate program for a progressive movement. It is of course assumed that the proposals will be modified in so far as they may be found by experience to be unsuitable or insufficient to meet the needs of the public welfare, or to conflict in practise with any of the general principles outlined in Part I. Many reforms not hinted at here will likewise be found necessary by experience, either as incidental to the ones suggested, or as meeting needs not considered in this program. It is however important to do something, and the following specific proposals are accordingly presented as a possible method of meeting the situation.

Chapter I.
Industrial Activity in General.

PRIVATE PROPERTY.

Necessity for Private Property. Let us consider first the relation of the principle of social utility to the institution of private property and to the private management of industry, since it is in this field that the greatest controversy seems to exist between Socialists and non-Socialists. It is apparent, in the first place, that the institution of private property is not litely to be discarded as a whole. There are certain things which must necessarily remain private. The same food cannot be eaten by more than one person. Very few people would wish to see common ownership established in the matter of clothing. The title to real property, including houses, may perhaps be vested in society at large, but certainly the room in which a particular individual sleeps must be in a sense more his property than that of any other individual. Similarly there are many other things with respect to which private property is either necessary or at least so decidedly advantageous

that it would be absurd to even consider the possibility of abolishing private ownership altogether.

Insatiable Desire for Wealth. But aside from these articles of personal use, as to which we cannot think of complete public ownership as at all feasible, is it desirable to retain private property in other things? As to this point there are two considerations which would seem to be controlling. First, it is a well-known fact of human experience that the desire for physical commodities and services is practically insatiable. There are indeed many individuals who seem able to be content with their lot, whatever it may be, provided only the essential vital wants are adequately met. But the vast majority of human beings are never satisfied; those who possess every reasonable comfort and convenience are constantly striving after this or that expensive luxury. No dout under a more equitable system of distribution of wealth this striving would be less noticeable than under the present system, where one's social standing seems to be determined largely on the basis of his ostentatious expenditures. But it is difficult to conceive of a situation (if indeed such a situation would be desirable) where the striving after physical commodities would not exceed the entire productive power of society. Moreover, it must not be overlooked that there is always a tendency to be wasteful of that in which we do not feel a direct interest, and that consequently it is important from the standpoint of the conservation of the total wealth of the community to preserve private property as to all articles of personal consumption. Clearly the fruits of industry should not all be put into one common storehouse, from which every person shall be permitted to draw at will.

Need of Incentive to Labor. In the second place, we must recognize that, as human nature is at present constituted, some strong incentive is necessary in order to secure that steady, consistent labor necessary to the maintenance of an efficient industrial system, at least in a society demanding commodities which require a complex organization of the agencies of production. It may be that the time will come when no incentive will be required—when all persons will work hard for the mere love of their work; but such a time is unfortunately not yet in sight. Nor is it likely that, for many generations, any other incentive can prove so effective as that of private property. It is of course true that even today the highest quality of social service is secured from persons with whom this incentive is subordinate to the satisfaction of seeing a purposeful result of their activity, or of securing honor and recognition from their acquaintances and from society in general; and without dout

these less sordid incentives will constantly gain in force, especially when the industrial system becomes so organized that the fear of want is removed from every citizen. But it will require many generations of education in the ethics of the new order of society before it will be feasible to consider abolishing the material incentive entirely.

Amount of Compensation to Labor. The question of the amount of financial compensation to be held out as an incentive to labor is a question distinct from that of the existence of private property itself. There would seem to be no injustice in rewarding every man somewhat in proportion to the extent of his services to society. Yet from the Social Point of View we may well question whether it is desirable that a man of great ability should receive ten or fifty times as great a material reward for his services to society as his neibor who is able to contribute only a modest service. Indeed, there would seem to be considerable ground for advocating, as did Edward Bellamy in *Looking Backward*, a system of equal compensation for all persons performing any kind of useful social service. But such a system would scarcely prove feasible in the immediate future, if indeed it will ever be feasible. Moreover, we should not overlook the fact that sometimes a rich man may so govern his expenditures as to contribute greatly to social utility, whereas it is notorious that many unskilled laborers habitually squander their incomes in extravagances that a far wealthier but wiser man would avoid.

Evils not Essential to Existence of Private Property. There are no dout many evils existing today which are intimately connected with the institution of private property. But a careful examination will reveal the fact that most, if not all, of these evils are caused by institutions or principles not essentially involved in the mere existence of private property as such. The greatest evils are due to the widespread attitude that property is more sacred than humanity—to the materialism which regards bread and butter as of more account than spiritual things. This attitude is clearly contrary to the general welfare, and society should do everything practicable to eliminate it. But since this is a matter too intangible to be dealt with effectively by the State, it is unnecessary to discuss in the present program the best way to accomplish this result.

Many Evils Due to Large Fortunes. Many existing evils are undoutedly due to the existence of fortunes so large as to constitute an undesirable feature in a society emphasizing the principles of social utility and equality of opportunity. No man can wisely spend a million dollars a year on himself and his own

family; nor is it desirable that any individual should be able to engage in extravagant expenditures which will arouse the emulation of those in a less favorable financial condition. Enormous fortunes are almost certain to develop envy, class distinctions and class hatred, without having any result that is clearly useful to society. There are indeed many wealthy men who have contributed to the social welfare by a wise choice of charitable donations; but even this can in general be better performed by society itself than by private individuals.

Special Privilege as a Source of Large Fortunes. Large fortunes are due almost entirely to two causes: special privilege and inheritance. By eliminating these causes, it is easily possible to put an end to the most serious evils resulting from the existence of large fortunes. Special privilege is clearly contrary to the principle of equality of opportunity, and should be abolished wherever possible. The responsibility for many of the evils declared by the Socialists to be due to the "exploitation of the laborers" by the capitalists undoutedly rests in fact upon the exploitation of society at large resulting from the existence of special privilege. Instead of looking for the remedy in the control of the government by the wage-earning classes, the Social Point of View would seek it rather in the abolition of special privilege and the establishment of equal opportunity for all citizens. The principle is the same whether the special privilege consists of a railway franchise, a land monopoly, or of whatever nature it may be; in no case is there any justification for discriminations thru which one individual is enabled to secure great wealth, while others are ground down into poverty.*

Inheritance as a Right. Inheritance as a foundation of large fortunes may easily be abolished without any interference with the institution of private property. There are to be sure many extreme individualists who regard the right of inheritance as inherent and inalienable—as an essential element of the right of property itself. But such a doctrine has never been recognized by the State. The right to dispose of property by will is often thot of as being practically identical with the right of inheritance. The principles underlying the two "rights" are, however, quite distinct. The alleged right of inheritance is based on the theory that one individual is entitled to enjoy special privileges, merely because of some condition or status held by his ancestors. Such a

*The detailed application of this principle will be considered to some extent in our discussion of monopolies.

doctrine should of course receive no support in a democratic community, or indeed in any State professing to believe in a republican form of government. What right has the child of a rich man to claim support in idleness all his life, merely because his father was able thru shrewd manipulation to accumulate a large amount of money without falling under the ban, or—what is not always the same—the teeth of the law? To possess an income of ten thousand dollars a year is practically the same as to possess ten or a dozen slaves, for such an income can always command the services of that number of individuals. The modern slave-owner is however in a more fortunate situation than his prototype, for he is not confined to the services of ten specific individuals, but may secure in the market commodities representing ten years' human labor, contributed in various proportions by hundreds of individuals. It should also be noted in this connection that there is not, as many Socialists seem to assume, any individual who is a slave; it is society at large that pays the bill, and hence suffers the servitude.

The "Right" to Dispose of Property by Will. On the other hand, it is not clear on what basis an individual, whatever his services to society may have been, should have the right to establish a mortgage upon society after his death, so as to compel society to pay an annual tribute of the labor power of ten or a hundred individuals to the person designated in his will. We have said that no property is the product of one man's labor exclusively; social factors have always entered largely into its value. If society has seen fit to relinquish its claim to a share of the product during the life of the individual in question, that is no reason why it should be prevented from asserting its rights after his death. That a man should wish to provide a comfortable maintenance for his family after his death, or a gift to some favorite charity, is indeed meritorious, and there is little reason why society should wish to discourage legacies to the extent of prohibiting these. But where legacies would result in the piling up of enormous fortunes, conferring often more misery than happiness upon the recipients, there is clearly sufficient ground for the interference of society in the interest of the general welfare.

Both inheritance and the disposition of property by will have been constantly subject to the minutest regulation by the State; in recent years both have been made increasingly the subject of highly progressive taxes in nearly all countries. How far such regulation should be carried is a matter of detail, to be determined on the basis of actual experience; in no case, however, should there be greater interference with inheritance or the passing of

property by will than is necessary to prevent the growth of fortunes so large as to prove dangerous to society.*

Aside from the abolition of special privilege and the taxation of inheritance, there are undoutedly other ways in which the growth of large fortunes may be checked, e. g., thru highly progressive income taxes. Likewise such evils connected with the institution of private property as are not due directly to the existence of large fortunes may probably be eliminated by removing their special causes, without overthrowing the institution of private property itself.

Is Confiscation Ever Socially Desirable? The determination to retain the institution of private property does not mean necessarily that all private property should be permitted to remain in its present ownership. There would perhaps be no conclusive objection from an academic standpoint to a proposal for a general confiscation of all existing private property, to be followed by a dividing up on a more equitable basis. It is however unnecessary to discuss the desirability of such a procedure; no serious demand for it seems ever to have been made by anyone, and all Socialists and other radical reformers repudiate the idea that they advocate any such "dividing up." But, assuming that there is not to be a general confiscation of all existing private property, there remains a serious question as to the desirability of confiscating particular vested interests, which are felt by the State to be contrary to the general public welfare. We have already called attention to the principle that private property is not an inherent and inalienable right, but a privilege granted by society, which may be revoked in whole or in part whenever it proves in any respect contrary to the public welfare. This principle cannot however in itself justify any specific measure of confiscation. Where a particular form of private property has been long recognized by society, it would be unjust to confiscate that form of property and leave other property untouched. Even tho the particular form of property may come to be regarded as immoral (as would slavery, for example, today), so long as it is legally recognized as legitimate and honorable, many persons are likely to invest in it the savings of years of socially useful labor. On the other hand, there are many individuals who have made large profits out of the same sort of property, but who have foreseen the possibility of confiscation in time to get "out from under" before the storm breaks. To leave the latter untouched and confiscate the property of the former

*The question of taxation of inheritances and legacies will be considered later.

would clearly be a most unjust form of discrimination. Since it is usually impossible to go back of the ownership at the time of the abolition of the particular form of property so as to punish the persons primarily responsible for the existence and maintenance of the anti-social institution on which it is based, it is better to compensate the present owners than to resort to confiscation. Such a procedure would of course leave past evils uncorrected; but the most that can reasonably be expected in human society is to provide a system which will prevent the recurrence of unjust conditions in the future. Any attempt to punish individuals for profiting from the existence of anti-social institutions would be open to all the objections of an *ex post facto* law, and would shake the confidence of the public in the good faith of the State toward the holders of private property.

Confiscation in Disguise. To some extent we may regard all changes in the general policy of the State as confiscatory. There is very little difference between gradual confiscation and heavy taxation. Every change in the system of taxation is at once reflected in the price of the articles taxed. The exemption of personal property and improvements of real estate from taxation would inevitably cause a sudden fall in the value of unimproved land, amounting to a very real confiscation. Likewise a change in the tariff on agricultural products always tends to affect the value of agricultural land. In such cases of partial and indirect confiscation there may well be room for a difference of opinion, even from the Social Point of View, as to whether there should be compensation to the individuals injured. Where the legitimacy of the property right in question has been for many years disputed, the present owners may perhaps justly be considered as having invested with full knowledge of the risk of confiscation, and as having voluntarily assumed this risk. Such a rule has been applied by the Supreme Court of the United States with regard to the capital invested in breweries, which was made practically worthless by the subsequent enactment of a prohibitory law. Very likely a similar principle would be considered applicable if the Single Tax movement should ever triumf; even today landowners are put on their guard by the agitation for the Single Tax. In the case of slavery in the United States, it would seem that the failure to compensate the slave-owners at the time of emancipation was justified, if at all, solely on the ground that the confiscation was a necessary war measure; for in 1860 the demand for the abolition of slavery had not reached such proportions as to seriously threaten the confiscation of property in slaves, and thus give warning to

all would-be purchasers. In general, we have not considered in the United States that there should be compensation for the indirect confiscation resulting from laws affecting industry, such as the requirement of expensive safety appliances. Yet it is clear that there is actually a confiscation, which can be justified only on the ground that the public welfare is superior to that of any individual or class.

THE DISTRIBUTION OF INDUSTRIAL PRODUCTS.

A. Profits.

Can Profits be Abolished? We shall next direct our attention to a subject as to which there is an almost complete line of demarcation between the opinions of all Socialists and those of all non-Socialists, viz., the distribution of the products of industry. With the Socialists it is almost an axiom that everything withheld from the laborer, whether in the form of rent, interest, profit, or taxes, is so much exploitation, and constitutes a drain on the productive capacity of society, rather than a compensation for service rendered. Let us consider first the question of profits, understanding by this term the surplus left in the hands of the capitalist-employer or *entrepreneur* after the payment or allowance of wages, interest, rent, depreciation, insurance, taxes, etc. In a completely Socialistic State, where no industry remains under private management, there would evidently be no individual capable of receiving profits. The State, as the sole capitalist-employer, would of course be capable of receiving profits, in fact it would almost inevitably receive them. But profits going into the public treasury have so many of the characteristics of taxes, and so few of the characteristics of private profits, that it is better to consider them from the standpoint of taxation.

Benefits of Private Industry. The principal argument in support of the social desirability of continuing the institution of private profits is that they are necessary in order to secure the benefits resulting from a partial retention of the sphere of individualism in industry. These benefits are not by any means a matter to be ignored. Public action is almost universally conservative, being conducted according to various forms and methods which have been found by experience to be necessary or useful. This general tendency would undoutedly apply in some degree to a nation possessing a complete monopoly of all industrial undertakings. New industries and new methods of conducting old industries would of course be introduced from time to time under

public management; but they would not be likely to come so rapidly as under a system where there is private capital seeking investment, and where there are private managers ready to risk the chance of failure for the sake of possible gain. In the early stages of an industry, it is necessary, in order to secure the best and most rapid development of the industry, that there should be competition of an effective nature between alternative methods and processes; such competition is scarcely conceivable in a nation where all important industrial forces are subject to a single control. Again, the peculiar ability necessary in a successful manager of industry cannot be developed by education along traditional lines, and it is questionable whether there is any way of developing it except thru actual experience in competitive industry. Government monopolies have not yet been given a sufficiently extensive trial to demonstrate the possibility of substituting experience in the different departments of the public service for that of actual competition, as a training for future managers of industrial undertakings. Certainly the most of the managers of the present government monopolies have secured their training in private industry.

Incentive Needed for Managers of Industry. Some incentive is necessary in order to induce private individuals to undertake the management of industrial enterprizes. It has been estimated that 95% of all business enterprizes fail, in the sense that the manager does not secure a profit equal to what his earnings would be if he were in the employ of another. Obviously the risk of these failures cannot be assumed by the State; if individuals are permitted to exercise that freedom which we have just said is essential, the risk must be borne by the individual himself. Some special inducement must accordingly be offered in case of success, in order to compensate for the risk of failure. Some men possessing managing ability may perhaps be ready and willing to exercise it without special compensation beyond a reasonable insurance against the chances of loss; but the majority will undoutedly always demand compensation proportionate to the responsibility. Such persons should not be compelled to exercise their powers against their will, so as to make them practically the slaves of society, even if it were possible to do so.

Profits as an Incentive. We have already concluded that no incentive to labor is likely in the near future to be sufficiently universal to supplant that of private property. This is especially true of persons possessing managing ability, who are less likely to be attracted by non-material inducements than are persons whose activities are directed to other than financial problems. Moreover,

it is in accordance with principles of intrinsic justice that a man should be permitted to enjoy the product of his own labor, whether that labor be physical or mental; and it is clear that the amount of profit or loss in any industrial undertaking is largely determined by the skill displayed by the manager in directing the forces at his disposal. The same result is also in accordance with considerations of practical expediency; it is an unquestioned fact that the average man will put more care into the management of an undertaking in which he will bear the risk of loss and reap the fruits of success than of one in which he has no personal interest.

Limitations on Profits. But while private profits should be retained as the compensation for the socially necessary labor of the manager of industry, it is clear, from what we have said above, that these profits should go to the man who is himself the real manager, not to the son of a former manager, who hires someone else to conduct the industry for him. Nor is it necessary that the manager should be permitted to put in his own pocket *all* the profit resulting from his undertaking. We have already intimated that no manager can create value independent of the wage-earners or of society. Even if he is able to devise a method of organizing the industry that would increase the value of the total product by a million dollars, there is no reason for permitting him to receive the whole of this amount. We have already reached the opinion that the existence of large fortunes is socially undesirable, and is likely to result in oppression and injustice. In order to prevent the development of enormous fortunes from private profits, it may be desirable to establish highly progressive income taxes, supplemented by special taxes on the business, or by more direct measures of regulation. The details of such regulations must of course be settled by practical experience, as interpreted by experts; all that is desined in the present section is to point out the general principles regarding the institutions of private industry and private profits, so as to show that it is possible to retain these institutions without injury to the public welfare.

B. Interest.

Capital Truly Productive. Turning our attention next to the question of interest on capital invested in productive industry, we shall here meet still more directly with the hostility of the Socialists. We have already seen that the Marxian theory condemming interest as an exploitation of the laborer must be discarded. Without attempting here to discuss all the principles underlying the subject, which are exhaustively treated in the work of Boehm-

Bawerk already referred to,* it may be worth while to point out one or two considerations supporting the proposition that capital is really productive, and that interest results from this productive power of capital rather than from any exploitation of the laborer. No one will deny that a man with a hoe and a spade can produce more wheat or potatoes on an acre of land than the same man on the same land with only a stick and a stone, nor that he can produce still more with a horse, plow, cultivator, and reaper. The same is true wherever men are engaged in productive industry. We are not concerned with the distinction made by economists between increase in the technical efficiency of production, and increase in the total value produced; from the standpoint of the social justification of interest, the only significant matter is the increase in the amount of physical commodities produced. From this standpoint it is childish to say that capital is not truly productive. The product of industry is not created by labor alone. It is the joint product of labor, capital, and the forces of nature. The time is not yet in sight, nor is it likely to be reached for many generations, when a further increase in the total capital of society will no longer result in an increase in the total product of industry.

Interest Under Socialism. Even a Socialist State cannot escape the fundamental fact of the productivity of capital. Such a State will always find it profitable to pay interest in order to secure the use of an increased amount of capital, either from abroad or from private saving. Nor can a Socialist State avoid charging interest for the capital publicly invested in industry, without causing an unjust discrimination in favor of those laborers engaged in industries requiring much capital. To use an illustration cited by Boehm-Bawerk, a laborer may in one day plant trees which by the forces of nature become after fifty years worth more than the same laborer could possibly produce in a year's time; is he therefore to receive 500 times as high wages as a baker, whose product is consumed at once and therefore has no chance to increase in value with the passage of time?

Interest in Private Industry. But we must not overlook the fact that, as we have already said, it is desirable to retain private industry, at least to a certain extent. Yet private industry is scarcely to be thot of, except under a system permitting the existence of interest. It is difficult to conceive of private industry, especially in the absence of large fortunes, without the use of borrowed capital. The time when the same man could be both

*See page 4.

capitalist and manager has well-nigh vanished, on account of the development of complex machinery and large-scale production. Nor is it conceivable that any person will permit the use of his capital by another without some compensation for being deprived of the momentary control over it, as well as for the risk of possible loss. He will prefer rather to keep his money in a safety-deposit vault, where there is at least no risk of loss, and where he is always able to get at it at will.

Does Capital Receive too Large a Share? It may be that under present conditions capital receives more than its due share of the joint product of industry. If so, we should attempt to secure rules of distribution which will confine it to its due share. But since capital is truly productive, and since its increase is always socially desirable, clearly interest is not to be abolished altogether. There is some validity in the theory that interest is the reward of abstinence. In the case of present-day millionaires, it may be difficult to see where the abstinence comes in; but in a society which does not permit the development of enormous fortunes, private saving would certainly be a matter of abstinence from the satisfaction of immediate desires.

C. Rent.

Surplus Values Due to Superior Land. The question of rent presents a widely different problem. There is no question that the forces of nature are productive; neither is there any question that no individual has created or produced these forces. Different pieces of land have different productive power, and the farmer who cultivates fertile soil must necessarily harvest a larger crop than his neibor with equal industry and capital on a poorer grade of land. The same principle applies with even greater force to land favorably located from the standpoint of access to the market, especially in the case of city lots. No change in the form of land titles, or in the system of land taxation, can change the fundamental fact that someone is bound to receive the surplus value due to the superior productiveness of superior land. According to the principle of equality of opportunity, it seems clear that no single individual should be permitted to secure this surplus value. To give it to the laborers on the superior land would be inequitable, for this would discriminate against laborers of the same grade on inferior land; nor is it possible to equalize the difference by giving all laborers oportunity to work on land of equal productive power. It would seem, then, that the only satisfactory solution of the prob-

lem is to abolish entirely the private ownership of land, and to devote all the surplus value due to superior land to the general expenses of the State. But the problem is too complex to be settled offhand in this manner. We cannot here go into all the various ramifications, but it is necessary for us to consider some of the fundamental principles involved.

Absorption of Surplus Value in City Land. We must distinguish in the first place between city and farm land. In the case of city land, there is not only a tremendous difference between the values of different lots, but a rapid increase in the value of practically all land. This increase is primarily due in almost every case to an increase in the population of the city, or to some improvement in the means of transportation or production; in practically no case is it due to the activities of the individual landowner. In all our large cities, fortunes have been and are being bilt up merely by skilful speculation on the movement of population—a form of speculation which is almost a " sure game," with the general public as the losers. In some cases, notably in the city of Los Angeles, the land speculators have performed a real service in the line of the constructive planning of new tracts of land; but in no case is such service at all proportionate to the tribute levied upon society by the speculators. There may be a few cases where there is a decrease instead of an increase in real estate values; these are however so exceptional that they may be ignored in any consideration of the general problem.*

The Single Tax as a Remedy. A considerable progress in the direction of the abolition of unearned increments in the value of real estate can undoutedly be secured by means of a system of taxation such as that advocated by the Single-Taxers. But no form of taxation can furnish a solution of the entire problem. Nothing short of the actual ownership of all city land by society at large can prevent entirely the unjust enrichment of land speculators at the expense of the public. It is clearly better to announce this aim openly, and to carry it out by taking over all land thru eminent domain proceedings, than to attempt to accomplish the same result indirectly, without any formal modification of the present system of land ownership, by a method amounting practically to wholesale confiscation. There are advantages to be secured in having the title to city land vested in the city itself. Such matters

*Under a system which provides for the absorption by the State or the city of all "unearned increments" of land values, it would of course seem only fair that society at large should likewise assume the burden of these "unearned decrements."

as the elimination of undesirable tenements for the sake of relieving excessive congestion, the establishment of public parks and playgrounds—in general all branches of scientific city planning—would be greatly simplified by removing the danger of obstruction and improper influence on the part of the various real estate interests.

Rents vs. Taxes. There would undoutedly be difficulty in arranging the rents of property in the various parts of the city, and complications would very likely arise with respect to the construction of permanent improvements at private expense on land owned by the city. These difficulties, however, are only such as exist under any system of land ownership, and there is no reason why they cannot be solved under a system in which all land is owned by the city itself. The problem of rentals would certainly be much simpler than that of levying taxes sufficient to absorb exactly the entire amount of the " unearned increment." Rental prices can be readily fixed or modified by negotiation and contract, whereas taxes are always compulsory. Excessive taxation is equivalent to confiscation; excessive rents merely cause the tenant to vacate. A just scale of rents could be secured with much less difficulty, and with a much smaller force of assessors, than would be necessary under a system of Single Tax. The details of a system of public ownership of city land are of course too complex to be discussed here; they can be worked out only by experts familiar with the rental of city property, the ownership of land separate from that of the bildings on it, and all similar questions.

Surplus Value in the Case of Farm Lands. The case of farm land is somewhat different. It is by no means clear that the immediate abolition of private ownership of farm land would be socially desirable. Here, except in the event of an unusually rapid growth in population, or of some sudden development of transportation facilities, the increase in land values is seldom such as to amount to a serious social evil. We have already called attention to the familiar fact that the average individual is likely to take more pains with his work if he has a direct pecuniary interest in the result. On the same principle it is evident that the average farmer will take better care of his farm if he feels that it belongs to him than if he is only a tenant from year to year. Especially is this true with respect to the making of permanent improvements, and to the use of methods of farming calculated to preserve the quality of soil. The inequality in the productivity of different pieces of land is ordinarily reflected, at least approximately, in the selling price of the land; the total income from the best land is seldom materially greater than what would be a fair return for the

farmer's labor plus a fair rate of interest on his investment. Many of the evils of private ownership could no dout be eliminated by changing the system of tenure from fee simple (i. e., an inheritable estate) to a life interest, with a reversion to the State on the death of the occupant.

Land Withheld from Use. There is, however, one serious evil connected with the private ownership of land suitable for agriculture, which must be given special attention. This is the acquiring of large tracts by wealthy men, who hold these tracts out of cultivation for the sake of establishing game preserves, etc. It is generally agreed by economists that the price of agricultural products and of agricultural labor, and to some extent that of all industrial products and of all labor, is largely influenced by the amount of land available for use. The injurious effect of withholding large tracts of land fit for agriculture from actual use has undoutedly been exaggerated by the followers of Henry George, and still more by the land reformers of Germany; but there is clearly much force in their contention. The most obvious way of meeting the situation is the imposition of high taxes on all land fit for use which is withheld from actual use.

Oil and Mineral Land. According to the principle that unearned private incomes should be as much restricted as possible, it would seem clear that all discoveries of oil, gas, minerals, or other valuable resources beneath the surface of the earth, should be the property of the State rather than of the owner of the surface of the ground. A reasonable compensation should undoutedly be made to the discoverer; and where it is necessary, in the development of the mine or other resource, to interfere with the use of the surface of the ground, the landowner should be compensated for the actual loss suffered. But there is no excuse for a State which professes to base its legal system on the interest of all its citizens to permit valuable deposits to become a monopoly in the hands of any group of private individuals, or to furnish the basis of fortunes so large as to seriously threaten the welfare of society. In conclusion we should note that the public control of transportation, which we shall outline and advocate later, would enable the State to prevent enormous private profits in connection with the establishment of new towns, or of car-lines in the outskirts of cities.

MONOPOLIES.

Legal Monopoly. The question of land ownership, which we have just considered, mite properly be regarded as a branch of the general question of monopoly, for land is in a very real sense a natural (or according to some economists an artificial) monopoly. But the monopolies to be considered in the present section are of a somewhat different character, being what may properly be spoken of as industrial monopolies. There are at least four kinds of industrial monopoly: legal, natural, personal, and capitalistic. We have already stated that special privilege, which is only another name for legalized monopoly, should be abolished wherever possible, on account of its conflict with the principle of equality of opportunity. But before this principle can be actually applied, it is necessary to consider exactly what is and what is not to be considered special privilege. In a sense, no private industry can be maintained without a certain amount of special privilege; yet we have come to the conclusion that private industry is on the whole desirable and should be retained. It is necessary to draw the line somewhere between the amount of special privilege necessary to the very existence of private industry, and the sort of monopoly that is likely to prove a real menace to the community. Perhaps the best solution of this difficulty would be to eliminate all those privileges which cannot be granted on some sort of a competitive basis. There is no dout some justification for the granting of exclusive rights to the inventors of new industrial processes. We must, however, bear in mind two things: first, that all inventions are a joint product, to which more has often been contributed by the earlier research of men whose models proved unworkable or financially impracticable, than by the individual who has finally perfected the process; second, which is more important from the social standpoint, that the patent is almost invariably purchased at the outset by some rich capitalist, who has done nothing for the invention except to furnish (after financial success seemed assured) the capital necessary for its final exploitation. Under these conditions, it would seem that society mite easily find some better way of encouraging inventions than by granting exclusive patent rights. The case of copyrights does not present the same difficulty. A copyright usually represents more exclusively the product of one individual's labor than does a patent, and it is much more likely to remain in the hands of the author, since far less capital is necessary for its exploitation. Moreover, the monopoly created by a copyright seldom if ever has serious industrial consequences, and only in very rare cases is it likely to furnish the foundation of a dangerously large fortune.

Personal Monopoly. With respect to personal monopoly, little need be said here. Among the best examples of personal

monopoly may be mentioned unusual ability to produce commodities of a particular type, or to handle employees in an unusually efficient way. Inasmuch as personal monopoly results from special natural ability, it is always an advantage rather than a menace to society, provided it is not so great as to result in the development of enormous fortunes. In short, the problem of personal monopoly is simply the problem of private profits, which we have already considered.

Capitalistic Monopoly. Capitalistic monopoly, as this term is ordinarily used, refers to a combination of capital powerful enuf to force all rivals within a particular industry or branch of industry to enter the combination, sell out, or withdraw from the field. There have been in the history of the world few strictly capitalistic monopolies; indeed, many economists seriously question the possibility of their existence. Some of the modern "trusts," however, appear to come clearly within the scope of our definition. Capitalistic monopoly is almost always an undesirable phenomenon from the Social Point of View. It means ordinarily an increase in prices above what they would be under competitive conditions, and the transfer of an unearned income from the consumer to the holder of the monopoly. The prices fixed by a pure capitalistic monopoly may be limited in two ways: by the buying power of the consumer, or by the possibility of effective competition or substitution of some other product not controlled by the monopoly. In so far as prices are limited by the buying power of the consumer, a certain number of consumers or would-be consumers are actually oppressed by the weight of the monopoly. It is accordingly socially desirable to encourage the force of potential competition so as to reduce the price below the normal monopoly level of "what the market will stand."

The greatest source of capitalistic monopoly has undoutedly been railway rebates and other forms of discrimination in transportation privileges. These would of course be eliminated by the adoption of the system of public management of transportation to be considered presently. But the elimination of such discrimination is not the only way in which the State can direct its activities in the matter of checking the growth of capitalistic monopoly. One of the most effective weapons of such monopolies in the past has been to sell their products below cost in the particular localities where competition was most effective, preserving their own profits by charging excessively high prices at points where competition was inactive. This method of competition, which the smaller enterprizes are of course unable to meet, should be prohibited, by re-

quiring all corporations or firms controlling a large part of the production of any commodity to sell their products at a uniform price in all parts of the country, making allowances only for differences in freight rates, etc. Another regulation of some value in checking the formation of capitalistic monopolies would be to prevent one corporation from holding, or at least from voting, stock in any other corporation. Complete publicity of accounts should also be required of all corporations. Finally it should be noted that the limitation of large fortunes to which we have already referred would have a decided influence in preventing the formation of capitalistic monopolies.

Characteristics of Natural Monopoly. But there are certain industries, of which transportation is perhaps the best example, in which no amount of legal regulation can preserve effective competition. These are the so-called natural monopolies. The line separating natural monopolies from ordinary capitalistic monopolies cannot be clearly defined. Probably the best practicable distinction is to include in the category of natural monopoly all industries in which competition, under a system of regulation similar to that outlined in the preceding paragraph, proves permanently ineffective. The recognition of particular industries as natural monopolies, by the general public and by so-called "practical" statesmen, seems to have been very slow. In various American cities we still hear of efforts, encouraged by the public, to establish competition in industries where it is clearly impossible for competition to furnish an effective regulator of prices, such as street-car lines, telephones, electric liting, in short, all the so-called public utilities. In the case of telephones, it is clear that the existence of two systems, instead of reducing prices, materially increases the cost by requiring every business man to establish two phones where one would normally be sufficient to transact all his business. Likewise it is clear that there cannot well be two competing street-car lines on the same street, and that in many cities there are one or two streets so important that lines on other streets cannot meet the situation; moreover, anyone who has spent even a short time in a city with two independent car companies will recognize the undesirability of a system which often prevents a person from getting transfers at the very points where they are most wanted. The same principle applies with equal force to the case of waterworks, gas, and the other public utilities. In none of these can competition be depended on as an effective regulator of prices; it is likely rather to result in undesirable consequences to the public.

Desirability of Public Ownership. The only satisfactory solution of the problem of natural monopolies is their complete public ownership. Natural monopolies are in general of a more simple nature than other industries, are more easily managed, require large amounts of capital, and do not require frequent changes in industrial methods to conform to changing market conditions. All these characteristics are such as to make natural monopolies a favorable field for public ownership and control. It is likewise clear, as a result of experience, that much social detriment results from permitting them to remain under private control. If they are left in private hands, there must clearly be strict regulation by the State to prevent extortionate rates; but it is by no means clear how such regulation can be made effective except thru public ownership. It is probably not desirable that the State should suddenly attempt to buy up all the public service industries and natural monopolies; this would require an enormous bond issue, and mite seriously affect the credit of the State. It is better to proceed gradually, commencing with the most obvious and flagrant monopolies, such as transportation. With a well-developed system of inheritance taxes, the State would come into the possession of a constantly increasing capital fund, which could well be devoted to the purchase of public utilities, either in the open market, or thru eminent domain proceedings.

Public Operation or Leasing? The industries purchased need not in every case be operated directly by the city or State; the regulations necessary from the public standpoint, tho difficult to secure under private ownership, are much less difficult where the operating company is merely the lessee of the State. There are frequently men capable of managing a natural monopoly successfully, who would be entirely ready to do so as lessees of the State, but who would not be willing to accept office as a public manager of the same monopoly, or who would perhaps be unable to secure an appointment under the contemporary political conditions. The determination as to whether a given public utility is to be managed directly by the State, or to be leased to a private individual or company, should be made on the basis of the special circumstances, rather than according to any dogmatic theory as to what is in general the more desirable policy.

Regulation under Private Operation. In the case of monopolies left to private operation, including those temporarily left under private ownership, there are several principles of regulation which may desirably be established, in addition to those already referred to. It is obviously contrary to the public interest

to give away or sell for practically nothing franchises or leases worth millions of dollars. Every lease should be granted as the result of an open competition, on the most favorable terms offered; the period of the lease should not be over 20 or 25 years. It is perhaps needless to remark that in granting leases there should be no attempt to re-establish the semblance of competition. Since the industries are in their nature monopolies, they should be consistently treated as such. If any division of territory is desirable, it should always be on a non-competitive basis. The principle of publicity of accounts is becoming so completely established in the case of all corporations that it may well be taken for granted as a condition in every lease of a publicly owned monopoly. It is obviously proper for the State to require a complete publicity of the accounts of any private company operating a utility publicly owned, since there would be no competitor from whom it would be important to preserve " business secrets." Further methods of regulating the rates charged, and the profits or dividends if necessary, so as to prevent extortion, will no dout be suggested by experience; they cannot be discussed in detail here.

Public Operation—General Considerations. Of perhaps even more significance than the problem of private operation of publicly owned monopolies is the problem of public operation and management. It is not necessary to restrict the scope of public operation to strictly natural monopolies, altho these will undoutedly always form the greater part of the public activity outside the ordinary governmental functions. It may often be found desirable for the State to own and manage an industry for the sake of improving the public health and sanitation, establishing a standard of labor conditions, reasonable prices, or honest and unadulterated products, securing revenue, or for various other reasons. In such cases, if the result appears clearly desirable, it would be childish to say that the State ought not to enter the industry, because of any academic theory that this would be outside the proper functions of the State. The State is not an agency to be feared by the people; it should rather be regarded by them as a convenient tool, which may be used to advance the public welfare in various ways. The test in any particular case should be: can the end desired be better accomplished thru the medium of the State, or thru some private agency? and this question is to be decided on the basis of the facts in the particular case, not according to any dogmatic theory.

Can American Cities Operate Public Utilities? The questions relating to the operation of interstate monopolies, such

as railroads and telegraphs, are mostly simple in their nature, and have been largely solved by the experience of European and Australian governments; consequently these need not be considered at length here. Only the matter of interstate transportation will be considered briefly in connection with the matter of urban and suburban transportation. Outside of the interstate monopolies, there are few natural monopolies which are not so essentially local in nature that their management, and the problems relating thereto, would properly fall within the scope of the activity of the municipal governments. There has been much controversy over the ability of American cities to operate successfully any public utility. It is, however, generally admitted that this has been accomplished in Great Britain and Germany; if the cities of the United States cannot secure an equally satisfactory result, it is time for us to change our form of city government. A rapid change in this respect is in fact going on in the United States at the present time. City after city is adopting the commission system, with various modifications; the initiative, referendum, recall, non-partizan primaries, and other devices of like character, are being established, in order to preserve to the people sufficient control to prevent a repetition of the scandals which have made American cities a by-word for inefficiency and corruption. The question of the practicability of operating public service utilities by American cities may have been a doutful one in the Nineteenth Century; but, with the recent progress in municipal reforms, such a question can be seriously raised today only by the chronic pessimists or by the adherents of the corporate interests.

Rates under Public Operation. Under public management, it is evident that the rates to be charged should not be fixed at the normal monopoly level of "all that the traffic will bear;" such a rule is not to be tolerated even under private ownership and management. What, then, shall be the rule for the determination of rates where the industry is operated directly by the city or State? There are only three possibilities. Either there will be a surplus above the cost of operation, which will in one form or another go to relieve the burdens of the ordinary taxpayers; or the cost of operation will exceed the receits, in which case the deficit will soooner or later cause an increase in the burdens of the taxpayers; or the industry will exactly support itself. The first of these would be objectionable, at least under the system of taxation to be described presently, since the ordinary taxpayers are better able to stand the burden of the general expenses of government than are the consumers, who include largely representatives

of the lowest classes, industrially speaking. On the other hand, there is no more injustice in taxing the consumers for the benefit of the ordinary taxpayers than of permitting them to be exploited for the benefit of a private corporation. We must not expect any human institution to result in perfect mathematical justice; we can afford to be satisfied with a ruff approximation. To operate a public utility at a loss, leaving a deficit to be met out of the general revenues of the State or community (as has often been the case with the U. S. Post-office department) is of course never to be resorted to unless the public is ready and willing to subsidize that particular industry. In most cases it is undoutedly the best policy to fix rates at a point which will as nearly as possible exactly meet the cost of operation, raising or lowering them slitely from year to year when necessary, in order to balance a deficit of one year against a surplus of another year. The cost of operation must of course include an allowance for emergencies, extensions, improvements, depreciation, and insurance; and, so long as any det remains upon the plant, an allowance for interest and sinking fund. When no interest-bearing charge remains outstanding against the enterprize, there would seem to be no special reason for requiring the consumers to continue to pay interest for the relief of the ordinary taxpayers. Extraordinary improvements and extensions should ordinarily be met by a special bond issue, rather than being charged up to the consumers at any one time.

Advantages of Free Transportation. An exception to the principle of fixing rates at the actual cost of operation should, however, be admitted in the case of passenger transportation, at least in respect to city and suburban traffic. We have already abolished toll-roads, and made all our ordinary highways free; the same principle should be applied to the use of moving highways, i. e., street-cars, subways, etc. There are several reasons which may be advanced for the abolition of charges for passenger transportation. First may be mentioned the fact, which, as we have indicated, applies to some extent in the case of all public utilities, that the taxpayers are better able to stand the expense than the consumers. In the case of physical commodities, it would no dout be demoralizing to the consumers to provide them an entirely free service. But this objection applies with less force, if at all, to industries like transportation. Every inhabitant of a modern city is obliged, in order to satisfy his ordinary desires, to pass frequently from one part of the city to another; he is in no way pauperized if the necessary transportation is furnished him without a cash equivalent. Moreover, in the case of transportation, it is

important to note that the congestion at the center of our large cities, which is one of the most serious social problems of the present day, is largely due to the fact that the poorer classes cannot afford the expense of transportation to and from the suburbs. A system of free transportation, while not eliminating this congestion, would be a great help in the solution of the problem. At any rate, the poorest family would be enabled to get an outing occasionally, and children would not always be confined for their playgrounds to the noisy, dirty, and crowded factory regions.

Is Free Transportation Feasible? It will no dout be objected that there would be a tremendous overcrowding of the transportation system, if the charges were to be entirely removed. This objection is not, however, substantiated by a serious consideration of the actual situation. The real problems of city and suburban transportation relate almost entirely to the "rush hour" traffic. At such times, on account of the tremendous jam, no one ever travels unless absolutely obliged to. The relief in the congestion at the heart of the city, to which we have referred above, would seem to indicate that there would be a substantial increase in even this "rush hour" traffic. But this increase would be almost if not entirely offset by the saving in time and convenience due to elimination of the collection of fares. We mite note incidentally that the saving of expense in this connection would be no inconsiderable item. Indeed, a provision for free transportation would very likely not result in any great increase in social expenditure. The cost of operation must be met under any system; a relief of the consumers would merely shift the burden to those better able to bear it. As to the non-rush periods, there is not likely to be any great increase in expense by making transportation free; it is practically as cheap to run trains or street-cars full as empty.

People don't Ride "Just for Fun." Experience in reduction of street-car fares is sufficient to justify the assertion that free transportation would not be likely to result in serious overcrowding. In Berlin there are many lines on which one can ride six or seven miles for 2½ cents; but it is seldom that anyone makes use of this opportunity; most people prefer to pay a little more for the sake of quicker transit on the steam or underground lines. Few people travel extensively over city or suburban lines just for fun; they haven't time to do so. In Buffalo and some other cities, one can transfer as many times as he desires, and thus travel successively over every line in the city for a single 5-cent fare; but in general it does not appear than in these cities passengers are inclined to transfer more than once or at most

twice.* In all systems of subways and elevated railways in this country a person can travel perpetually, so long as he does not leave the platform; yet it is not likely that one person in a thousand ever rides further than is necessary in order to reach his destination, merely because he can do so without extra charge. Frequently short spurs of street-car lines are operated free as a branch of the entire system; very seldom are these branches used except by those who pay fare on the connecting line.*†

Interurban Transportation. Some of the reasons we have just mentioned for advocating free city and suburban transportation apply to interurban service as well. A further advantage of free interurban transportation would be the increased mobility of labor resulting from the reduction of the expense involved in the attempt to find work in a different part of the country. A full opportunity for the inhabitants of one section of the country to visit other sections would do much to develop a feeling of unity thruout the nation, and to put an end to the medieval sectional spirit, which is unfortunately still with us to some extent. But the determining element in the case of city and suburban traffic, the matter of the "rush hour," is much less marked in the case of interurban traffic, altho the "rush season" is an important fact on many lines. Of course fifteen trains a day cannot be run for the same operating cost as five, nor can a train with ten cars be run as cheaply as one with only four. Moreover, there are undoutedly a considerable number of people who would be incessantly traveling if there were no charge for interurban transportation. For these reasons, it is probably not desirable to attempt to make such transportation entirely free. But in order to secure the advantages mentioned above, it would seem desirable to make liberal provision for free passes under certain conditions; e. g., for students, traveling under the

*The writer once met a man who claimed to have traveled 45 miles on the Buffalo street-car lines for a single fare; such cases are of course very unusual.

*†The greatest difficulties in connection with free transportation would no dout be the question of people jumping on and off street-cars on a crowded street, intending to ride only a few blocks, thus preventing others from traveling, who would perhaps have too great a distance to go or be in too great a hurry to permit walking; and the question of preventing the stores from using the street-cars as a means of securing the delivery of packages free, thus avoiding the necessity of maintaining delivery wagons. As to the former, it would only be necessary to provide certain cars which would not let off passengers at all short of a designated street. As to the latter, it would be an easy matter to enact regulations that would put a stop to such an abuse; in most cities there are today regulations governing the size and number of packages that may be taken into a street-car.

guidance of an instructor, to inspect some natural or social phenomenon connected with the subject of the instruction; families of laborers moving permanently from one community to another; perhaps provision mite also be made to give all persons a free outing (so far as transportation cost is concerned) once or twice a year. There are no dout many other ways in which a system of transportation operated by the State in the interest of the public could be made to serve that interest, but a further consideration of these would be outside the true scope of this Program.

Chapter II.

Relation of the State to Labor.

STRIKES.

Violence not to be Tolerated. Let us next consider the attitude which should be taken by a truly democratic and socially conscious State toward the so-called labor problem, that is, the problems involved in the controversies between capital and labor over wages, hours, and conditions of labor. Some aspects of this problem have been touched on in the preceding chapter. We have said that private industry, including interest and profits, should be retained, and it would seem to follow that something like the present wage-system would have to be tolerated. But there are many respects in which the wage-system can be so modified as to eliminate, at least to a large extent, the evils existing today, which the Socialists so often declare to be inherent in the system of private industry. Directing our attention first to the situations in which the conflicts between capital and labor take the form of strikes and lockouts, we must recognize at the outset the principle that neither party to such a conflict is in any case to be permitted to resort to physical violence. The State exists for the advancement of the interests of society, not those of any one class. So long as the law permits a given individual to pursue a particular occupation, no group of individuals should be permitted to prevent him from pursuing such occupation, however desirable the result may appear to be, from the standpoint of the interests of a particular class. There may be good reason for contending that strike-breakers are a menace to society, as well as to the labor unions; but at all events this question is one to be determined by the State itself, not by any group within the State, attempting to set up its opinion in opposition to that of the general public. Nor is the general welfare in the long run ever to be advanced by the toleration of violence in connection with labor disputes. Of course equal care must be taken to prevent violence on the part of the employers and the strike-breakers, and to prevent the employers from being able,

thru control or influence over the officers of the State, to place themselves in a position of unfair advantage as against the strikers.

Industrial Warfare should be Stopped. But the elimination of physical violence is only a first step toward solving the problem of strikes. From the standpoint of the public interest, it is necessary to secure the peaceable settlement of all industrial disputes without interruption of the process of production. Private warfare as a means of settling personal quarrels has long since been abolished; so likewise must we put an end to industrial warfare as a means of settling labor disputes. We can all recall the hardships suffered by the public in connection with the anthracite coal strike of 1902, even if we have not experienced a really disastrous strike such as that of the English coal miners in 1912. The only serious question open to discussion today is the extent to which arbitration can be made compulsory without too great interference with the liberty of the individual.

How far is Compulsion Necessary? There is a strong and justifiable objection to the idea of compelling any individual, either employer or employee, to continue in any occupation against his will; such compulsion would appear in effect synonymous with slavery, even tho exercised only after the determination and award of a board of arbitration. If such compulsion were an essential part of a system of compulsory arbitration, this objection would be almost conclusive against any attempt to introduce that system. But such is not the case. In order to make the awards of arbitration boards effective, it is only necessary that they should be binding on the industry; i. e., that every employer or employee should be prohibited, with sufficient penalties, from engaging in that industry under conditions contrary to those fixed by the award. Under such a system it is clear that there would be no compulsion which could be reasonably regarded as enslaving any individual, since every employer or employee would be at liberty to leave the industry and seek activity elsewhere, if dissatisfied with the conditions of the award. In order to prevent strikes during the period of the arbitration prior to the final award, it mite be desirable to prohibit any employee who should, without sufficient reason, refuse to work during such period, from subsequently engaging in the same industry, for a period of, say, five years; such a provision would clearly be effective, and at the same time would not violate any fundamental right of the employee. Except as a means of securing relief from intolerable or unjust conditions of employment, strikes would seem to be clearly without social justification; and, after having provided a more effective means of accomplishing

this end, the State would be entirely justified in abolishing strikes altogether.

Rights of the Employer under Compulsory Arbitration. It would then seem both feasible and desirable to establish a system of compulsory arbitration, with awards binding on the industry rather than on any particular individual. But there is still a matter which must be considered in this conection. It may appear somewhat illusory to offer a laborer the opportunity of leaving the industry to seek work elsewhere, since he is not likely to be able, in another industry, to secure work of a character or grade similar to what he has been performing. The same consideration applies with even greater force in the case of the employer. Not only is it difficult for him to change his occupation and attempt to conduct an industry with which he is not familiar; but it is ordinarily impossible, at least without serious loss, for him to withdraw the capital invested in one industry and establish himself in another. In order to protect the employer from possible injustice, he should be given the right, in case the terms of an arbitration award are so unfavorable that he considers it impossible to continue to operate and make a reasonable profit, to compel the State to take over his property in the industry thru eminent domain proceedings. The State would then either sell or lease the plant so acquired to some other capitalist willing to operate according to the terms of the award, or else operate it directly as a public enterprize.

The details of a system of compulsory arbitration cannot be determined dogmatically without some consideration of the particular situation in the United States. It would be well to attempt to draw suggestions from the experience of New Zealand and Australia, where compulsory arbitration has for some years been in successful operation; but of course we cannot transfer any foreign law bodily to our own statute books. We must make sure that there is sufficient compulsion to put an end to all serious strikes, but no more than is necessary for this purpose; as we have said, it is always desirable to retain the maximum possible of individual liberty.

PUBLIC EMPLOYMENT AGENCIES.

Purpose of Public Employment Agencies. But the activity of the State in its relation to labor problems is not to be confined to the prevention of such abnormal situations as strikes and lockouts. There are many ways in which the State can improve the conditions of the laborer, and of industry in general, in normal situations. First and most obvious is the establishment of

free employment agencies. The benefit of such agencies is too apparent to need explanation. It is desirable that persons out of work should find employment as quickly as possible, and especially that laborers should be transferred from parts of the country where there is a congestion in the labor supply to places where there is a scarcity. But public employment agencies are not to be merely an imitation, on a somewhat larger scale, of private employment agencies. The service to be rendered by them should not be confined to the furnishing of a catalog of opportunities for work, but should include the supplying of useful information of various kinds connected with labor conditions. This service can evidently be performed to much better advantage by the State than by any private organization.* Altho these agencies will no dout be used chiefly by men entirely "out of a job," there is no reason why their use should be limited to such persons. It is far better that they should offer an opportunity for future advancement to every person who feels himself competent to do work of a higher grade than he has been performing. With this end in view, they should take account of every grade of intellectual activity as well as of skilled and unskilled manual labor.

Guaranty of Living Wages. In connection with the public employment agencies, there should be a provision which to many will no dout appear extremely radical, viz., a guaranty of living wages to all applicants, the State itself undertaking to find work for those for whom no employment is offered by private enterprizes. Such a provision is absolutely essential to the application of the principle of equality of opportunity. Every year many laborers are thrown out of employment thru no fault of their own, merely because some new invention or some change in the demands of the consuming public has made the particular process with which they are familiar no longer socially useful. It is always difficult for such persons to find new work, at least of the grade to which they are accustomed; the one familiar task is often the only one they are competent to perform well. In the absence of a guaranty of a living wage to such individuals, it is and always will be necessary for many of them to become the recipients of public or private charity. By providing a living wage guaranty, the State will thus be merely undertaking in one form a burden which would at all events fall upon it in some form or other. It is certainly much better, from the standpoint of the individual concerned,

*We have already spoken of the service which mite be performed in connection with the employment agencies by a public transportation system.

to guarantee a right to a living wage than to permit him only the choice between pauperism and starvation.

The Right to Work. We have heard much from the capitalist press about the "right to work," as applied to the strike-breaker who is helping the employer to maintain starvation wages or anti-social conditions of labor. If there is any significance in this expression at all, the "right to work" is clearly not to be limited to the strike-breaker alone, but must be recognized in favor of all citizens under all circumstances, and must be accompanied by some means provided by the State for the enforcement of this right—some assurance that all persons out of a job thru no fault of their own will be able to secure work. An incidental effect of the guaranty system, which we should regard as desirable rather than undesirable, would be the strengthening of the labor unions in all controversies with the employers. Even tho strikers should be excluded from making use of the system themselves, the elimination of the enormous army of the unemployed would make it very difficult for the employer to find any satisfactory force of strike-breakers.

Emergency Public Works. But it will no dout be objected: "The State will be swamped with applicants for whom no work can be found, so that a guaranty of living wages would amount practically to outrite charity on an enormous scale." It is clear that the State cannot afford to guarantee work unless it has the work to offer—and work of real social utility, not "made" work desined merely to avoid the appearance of charity. From the fact that there is always, under modern conditions, a large army of unemployed, it may be contended that there is never enuf work to go around among those capable and ready to work. But it is generally agreed, by all who have made a careful study of industrial conditions, that enforced unemployment is due almost entirely to a defective organization and adjustment of productive industry, rather than to any lack of socially useful work to be done. There are many industries of social utility not fully exploited by private capital (because the return would not be sufficient to pay current rates of interest and profit), some of which offer great possibilities for development by ordinary unskilled laborers, if only they are directed by competent managers. These should be made the basis of a system of emergency public works, to be operated by the State in connection with the living wage guaranty. Among the most obvious lines of work to be included in such a system are the improvement of roads, parks, etc., or the cultivation of waste land, e. g., vacant city lots. Other lines will

readily occur to everyone, and by experience many kinds of socially useful labor will undoutedly be discovered which would never be thot of in advance of the actual operation of such a system. Special work can no dout be devised for the physically or mentally defective.

Profit or Loss not a True Test. The suggestion of emergency work is not entirely without precedent; experiments along this line have been made on a small scale in England and perhaps elsewhere. It has been asserted by some that these experiments did not prove a great success, which is undoutedly true from the point of view of financial self-support. But we should bear in mind that the results of such a system are not to be measured in terms of profit and loss; the work is undertaken, not for profit, but to promote the welfare of society thru that of the individuals concerned. Under the most favorable conditions, no great profit can be expected to result from a system of emergency public works. The workers are bound to be constantly changing, not only in personnel but in absolute number; they are almost certain to be inexperienced in the particular work in hand, and very likely to be somewhat below the average in general industrial efficiency. Under such circumstances it would be next to impossible to secure that efficiency of industrial organization essential to the realization of profits. But by providing an opportunity of employment for those unable to find work in the ordinary lines of industry (either public or private), an emergency system would provide a desirable substitute for direct charity. The responsibilities resting on the managers will not be lite; in choosing these managers greater care will be necessary than in the case of the managers of ordinary public industrial enterprizes, where the employees can be selected on the basis of fitness. The wages to be paid in the emergency work should be somewhat lower than those in ordinary industry, since the work is presumably of less social utility than ordinary employments, and the laborers should accordingly be encouraged to enter the latter.

The Hobo Problem. A word should perhaps be said about the class—unfortunately too numerous—who are unemployed, not because of any lack of opportunity, but because of unwillingness to work. At present the hobo problem, tho perhaps less critical than at some former periods, is decidedly a problem to be reckoned with. It is perhaps unnecessary to point out that nothing in the emergency works should be so desined or administered as to give encouragement to this class of the population. The very existence of such a system would tend to clear the situation and make the solution of the problem somewhat easier, by eliminating all excuse for kind-hearted individuals' giving food or money to hoboes who pretend that they are unable to find work. Moreover, the fact that no one could be unemployed without fault of his own would make it much easier for the police to deal effectively with those who deliberately refuse to work.

OTHER ASPECTS OF THE LABOR PROBLEM.

Old-Age Pensions. Another aspect of the relation of the State to labor, which must be mentioned, at least in the United States, is the matter of old-age pensions. Such a system has become fairly well established in almost every other civilized nation, but we have as yet done nothing in this direction. For men over 60 to carry on the heavy physical work of society is clearly undesirable, from the standpoint of both the efficiency of the work and the welfare of the laborers themselves. Every person who has worked hard for thirty or forty years is entitled to retire at the age of 60 or 65 and have an old age of leisure, with opportunity to devote his time and energy to tasks of a non-industrial character. The exact provisions of a suitable old-age pension system cannot of course be stated here. It does not especially concern us whether the system should be adopted by the State or by the Federal government, or both. But in order to secure the application of the principle of equality of opportunity, it is necessary that some system be provided for the support in old age of those whose incomes have been barely enuf to keep them alive from year to year. Like the system of living wage guaranty, old-age pensions offer a desirable substitute for direct charity, preserving a far greater amount of independence on the part of the recipients.

Workmen's Compensation. Another principle which seems not yet to be completely established in the United States, altho we are making considerable progress in its recognition, is that of Workmen's Compensation, i. e., compensation to laborers injured in the course of their employment. Of greater importance than any system of compensation is of course the requirement of all reasonable safety-appliances and administrative devices for the avoidance of accidents. We must recognize that the lives and health of the employees are worth more than the cost of these appliances and devices; the conservation of human life is of more consequence to society than mere cheapness of industrial products. But with the best of safety-appliances, it will always remain true

that certain industries contain dangers which cannot be avoided. These unavoidable dangers, whether in the nature of accidents or of occupational diseases, are a normal part of the cost of production in that industry, and should be borne by the industry as a whole, (i. e., the financial burden should rest either upon the employer, in the form of reduced profits, or upon the consumer, in the form of higher prices) rather than upon the individual laborer injured, or his widow and children. Of course, no provision of compensation can really make good the loss of a lim, still less that of a human life; but it is at least possible to provide a partial indemnification for the actual financial loss suffered. The problem is obviously not to be solved merely by increasing wages in the dangerous occupations; such an increase would not be properly distributed among the unfortunate victims of the industry. The details of a system of Workmen's Compensation cannot be considered here; the basic principle should be that of insurance rather than legal liability of the employer, as is indicated by the experience of European nations, especially Germany and Great Britain. The same general principle as that underlying accident insurance may be drawn upon to support demands for a compulsory system of sickness-, invalid- and life-insurance. How soon these should be undertaken by the State is a matter to be determined largely by the condition of its finances, and by the development of an administrative system equal to the practical administration of these forms of insurance.

Reform Must Come One Step at a Time. We have now considered various practical measures which may be undertaken by the State to relieve the most pressing of our industrial problems. These measures will of course not satisfy the extreme Socialists. Yet they are sufficiently advanced to occupy the best part of the constructive energies of the State for twenty-five or fifty years to come. If Socialism is ultimately to be established, it is decidedly better to confine our present steps in that direction to the adoption of measures similar to these than to attempt suddenly a radical step in the line of the collective ownership and management of all industry. The real decision between Socialism and a system in which Individualism will be permitted to retain an important role can properly be made only after the adoption of such measures as we have proposed above, and after the working out of these measures in all the details suggested by actual experience in their application.

Measures Proposed not Revolutionary. We have not, on the other hand, suggested any principle which need be considered revolutionary or confiscatory, even by the most extreme Individualist. We have indeed proposed far-reaching reforms, but each has been based on admitted principles of social expediency and the general welfare. At no point have we suggested any restriction of individual liberty, except where the advantage to the general welfare seems clearly to outweigh the loss to the individual.

What Remains to be Considered. But we have not yet completed our entire program. There remain for consideration the three important subjects of taxation, education and eugenics, in the broadest sense of this term. The problems included in these subjects may not appear to have any very direct connection with the demands of the Socialists. But they are entitled to a place in this Compromise by reason of the fact that with them are connected many evils which aggravate the general industrial situation, and whose alleviation is probably necessary before we can secure such a system of social and industrial justice as will do away with the occasion for unreasonable demands for radical changes in our entire industrial and social system.

Chapter III.

Taxation.

GENERAL PRINCIPLES.

Need for Reform in Present System. Turning our attention next to the field of taxation, we are at once struck with the jumble of contradictory principles embodied in the existing system—or rather lack of system—of taxation in most of our States. No one who has made a serious study of the actual situation in the matter of taxation can attempt to justify the existing hodge-podge. There is indeed no universal agreement as to either the test of a desirable tax, or what general system of taxation is practically desirable. The following suggestions are accordingly offered, not as a final settlement of the questions in controversy, but merely as a serious attempt to work out a system of taxation consistent with the fundamental principles outlined in Part I.

Taxation According to Ability to Pay. We shall adopt, for the basis of our discussion, the general principle that taxes should be levied, so far as possible, according to ability to pay. "From each according to his ability, to each according to his need," is a motto which has long been recognized as conforming to the highest equitable principles, altho one which it is perhaps difficult to put into practical operation thruout an entire State. There is not here space to discuss all the arguments for and against the adoption of the ability principle as the basis of taxation; these arguments can be found in any good treatise on Taxation.* The proposition that taxes should be levied according to the amount of the benefit received by the tax-payer is not without theoretical justification, but it is far more intangible than the ability principle, and furnishes practically no measure for specific taxes, except those whose proceeds are devoted to the more or less industrial functions of the State. The ability principle is generally recognized today by students of finance, and is to some extent applied in the practise of most States, especially those of western Europe. It is no dout impracticable to develop the principle of ability to pay, as has occasionally been attempted, so as to measure exactly the amount of psychic discomfort to which each individual would be subject as the result of a given tax, and to so arrange the system of taxation as to make the total amount of this psychic discomfort as small as possible. Such a system would very likely operate to relieve the wealthy classes of their due proportion, on account of their excessive development of the "psychic" temperament. From the practical standpoint, it is not feasible for the State to attempt to do more than to estimate the actual commodities or services of which any class of society would normally be deprived as the result of a given tax, and to so balance off these, according to the accepted standard of social valuation of individual and group interests, as to secure the minimum of interference with the welfare of the community as a whole.

*See for example Seligman's *Essays in Taxation*, New York, 1903, which goes into this particular question at considerable length.

Taxes on Luxuries vs. Taxes on Necessities. Assuming, then, that taxes are to be based on ability to pay, the first practical corollary to be drawn from this principle is that there should be no taxes on any of the necessities of life. It is obvious that no State having a concern for the welfare of its citizens will levy taxes in such a way as to compel any citizen to freeze or starve. Nor is there any advantage in taking with one hand in the form of taxes, only to give back with the other in the form of poor relief. Taxes based on ability to pay must clearly be drawn only from a surplus of income above the bare necessities. We should also note that the lines between necessities, comforts, and luxuries can never be closely drawn. What are luxuries today may become necessities tomorrow. It is accordingly clear that those articles on the border line between necessities and comforts should be either exempt from taxation altogether, or subject at most to a very low rate. On the other hand, the higher up an article is in the scale of comforts and luxuries, the higher is the rate of taxation it should bear; the ability of a person to pay taxes varies, not directly according to the size of his property or income, but in a progressive or increasing ratio to it. Thus, as Prof. Seligman points out,* the ability principle necessarily leads to progressive taxation, with a complete exemption at the bottom of the scale.

*In *Essays in Taxation*, already cited.

SPECIFIC TAXES

Import Duties. Turning our attention to specific taxes, it is evident that, on the basis of the principles we have just considered, the present system of import duties is indefensible. A tax on imports, in order to provide a stable source of revenue, must necessarily tax articles of general consumption, i. e., necessities or those comforts which are on the border line of necessities, such as we have already said should be exempt from taxation. In some countries it is perhaps a valid argument against the removal of tariff duties that these are needed for the support of the ordinary administration of the government. Such an argument, when applied to the United States, is without substantial foundation. The internal revenue alone, to say nothing of the income tax, could easily be made to furnish all the money at present being spent by the Federal government, including the enormous amount annually wasted in the form of pensions and unnecessary battleships.

Is a Tariff ever Justifiable? A tariff on luxuries or on articles whose consumption is socially undesirable is no dout a good thing; it can not however be depended on as a source of much revenue, even if the use of the aeroplane by smugglers from Canada should not make it impossible to collect the duties. But the only justification for a general tariff is the protection of domestic industries. There is not space here to discuss the arguments for and against the principle of protection. It may however be suggested that if any form of protection is considered by the State to be desirable, the end sought can be far better attained by giving a direct subsidy than by levying a tax on imports. In the case of a subsidy, it would be clearly understood that protection really means the taxation of all in order to promote a particular industry; moreover, the country could easily discover exactly what such protection would cost. It would not be difficult to secure the removal or reduction of a subsidy which had become obviously no longer necessary; on the other hand, in the case of a protective tariff, there is a strong tendency to increase the rates on those very articles that are least in need of protection. Before removing the tariff altogether, it would of course be desirable to attempt to secure reciprocity arrangements with other nations; but free trade should not be permanently abandoned for the sake of carrying on fruitless reciprocity negotiations.

Personal Property Taxes. Another existing tax which should unquestionably be abandoned is that on personal property. It is universally agreed that this tax has never worked satisfactorily. It has always proved a fruitful source of perjury. Moreover, it

usually results in a higher rate of taxation on the poor than on the rich, since valuable property, such as stocks and bonds, can much more readily be concealed than can less valuable tangible property like farm machinery or cattle. Of all forms of taxation, this is the most inquisitorial, unless the assessments are left entirely to the honesty of the taxpayer himself. It is also clearly in conflict with the general principle of taxation according to ability to pay, unless confined to property in the nature of luxuries.

Real Estate Taxes. The case of real estate is widely different. Not only should taxes on land be retained, but they should be regarded as one of the best of all taxes. We have already considered to some extent the peculiar nature of property in land, and reached the conclusion that all city land should be publicly owned, so that the tax would be collected in the form of rent. It should perhaps be noted, as to the rate of this tax or rent, that the situation is very similar to the lease of a monopoly; consequently the rate should be fixed at the highest figure that the city can secure thru bidding or contract arrangement, without attempting to oppress the would-be tenants.

Taxation of Farm Land. In the case of land outside the cities, we have already said that it is probably undesirable to abolish entirely the system of private ownership. But since the ownership of even farm land is in a sense a special privilege, it should be subject to a substantial amount of taxation. The revenue secured from such a tax should always be devoted entirely to the use of the locality, unless the value is assessed by State officers independent of the locality. The system of local assessment of land for State taxation has always resulted in universal under-assessment (which in itself is an evil in that it fails to show the true wealth of the State, either as a whole or by localities), and in sectional controversies which sometimes take on a serious character. Boards of equalization can never remedy the difficulty, since it is impossible for any one body to make a just estimate of the value of property in all parts of the State. In order to encourage the making of improvements on real estate, such improvements should be exempt from taxation, either for a certain period of time, or during the ownership of the land by the person making the improvements.* Some system should be devised for absorbing in the form of taxation the socially created increment of

*After a time it always becomes difficult to determine what is the natural value of the unimproved land, and what is the additional value created by the improvement; moreover, the reason for making the exemption ceases to apply with any force at a time long subsequent to the making of the improvement.

land values at the time the increment arises. Something like the English system may well be followed; there all land is specially appraised every 15 or 20 years, also at every transfer within the period, and a tax levied on the increment during the interval. The details of such a tax are however too complicated to be discussed here. There should also, as we have already said, be a high tax on land fit for use which is withheld from actual use.

Inheritance Tax. One of the most desirable of all forms of taxation, and one which has not yet been utilized to any great extent in this country, is the inheritance tax. The justice of such taxation cannot be questioned. We have already discussed inheritance in general, and seen that it constitutes a form of special privilege which the State may well feel called upon to restrict in various ways. It should also be noted that a tax on inheritances is felt less by the taxpayer than is almost any other tax, since it takes effect at the very time that he receives a large addition to his property. There are no dout serious difficulties in the way of the efficient administration of the inheritance tax, but they are being gradually overcome by practical experience. According to the general principles of taxation, an inheritance tax should be highly progressive, with graduations according to degree of relationship as well as amount of the inheritance (which is probably a better test than the size of the entire estate distributed). Moderate legacies to the immediate family of the deceased, or for charitable purposes, should no dout be exempt from the tax altogether. The proceeds of an inheritance tax, being drawn from capital rather than from income (as would be apparent in the case of a 75 or 90% tax on a large estate), should be devoted to permanent investments, not to current expenses; as we have said, it is never desirable for society to permit the diminution of the total capital of the community. For the present, as we have suggested in a former chapter, one of the best uses of the proceeds of this tax would be the purchase of various public utilities now owned by private individuals.

Other Kinds of Taxes. Undoutedly one of the best taxes, from the standpoint of the principle of ability to pay, is a graduated income tax. Unfortunately such a tax is extremely difficult to administer; but by comparing our own experience with that of other countries, it will no dout be possible in time to devise a system which will in practise secure the advantages which should lie in such a tax. Whether the income tax should be reserved exclusively to the Federal Government, or whether the separate States should also tax incomes, is a question too technical to be

ansered offhand, or without the best expert judgment. The same thing may be said with respect to the question of business and corporation taxes, modifications in the Federal internal revenue system, etc. Inasmuch as the problems involved are technical, their solution must be carefully worked out by experts. The principles already suggested will, however, if their application is honestly attempted by trained experts, furnish a basis for so readjusting the burden of taxation as to make the total weight seem less than at present; such a readjustment, by relieving some of the pressure on those least able to bear it, will tend to moderate the demands of the laboring class for impossible Socialistic and communistic undertakings.

Chapter IV.

Education.

THE COMMON SCHOOLS.

Object of Public Schools. Another problem, which may perhaps appear somewhat removed from the general demands of the Socialists, but which involves principles essential to the carrying out of many of the suggestions already outlined, is that of education. Inasmuch as some of the proposals in this chapter may seem to many persons to constitute radical innovations, it will be well at the outset to consider somewhat carefully the fundamental ideas on which a system of public education supported by the State should be based. The true object of such a system is the preparation of the students for the duties of life, so as to make them better and more useful citizens. It is desirable that they should be good lawyers, merchants, farmers, or whatever may be their calling; but it is more important to society at large that they should be good citizens. For this reason the period of compulsory school attendance should be devoted to the pursuit of such subjects as tend to fit the students for the common experiences of all classes and occupations. No cut-and-dried routine should be slavishly followed, nor should the educator be drawn away from the fundamental principle by any new fad such as nature study or vocational training. Such fads may have their proper place, but that place is subordinate to, not in substitution for, a training for the general duties of citizenship. The exact subjects to be pursued must of course be determined by the trained educator, not by the general public thru political channels; but we may here consider at least the principles according to which educators should be directed by the State to make their expert selection.

What should be Taut in the Common Schools? Starting with the principle that the common schools should provide as complete a general education as possible, we must conclude that there is an essential place in the system of instruction for physical, manual, intellectual, social, artistic, and ethical training. Under physical training should be included not merely athletic sports

(altho such undoutedly have a proper place, if kept within reasonable limits instead of being permitted to absorb the chief energies of the students), but also whatever is conducive to the general health and physical development of the students. It would perhaps be well to give sufficient instruction in military tactics to instil the ideas of order and discipline, as well as the rudiments of the technique of marching, etc. There should certainly be physical examination of all students by specialists, and every deficiency discovered should be promptly cared for at the expense of the State. Too often in the past have children suffered the reproach of stupidity merely because of an undiscovered defect in sight or hearing. The common schools should of course also give such instruction in physiology as is necessary to the proper care of the body in the normal exigencies of human life.

By manual training we mean not merely the study of carpentry or blacksmithing, or of any device for enabling the students to earn enuf to keep themselves alive by entering industrial pursuits; but rather instruction in the various things likely to come within the range of activity of the average man or woman. Of course this training would not be exactly the same for boys as for girls; but it would be desirable for boys as well as girls to learn, for example, how to boil potatoes and sew on buttons, and for girls to be taut how to drive a nail strait and how to fix the spring to a window-shade. Social training should include what are usually called the "common courtesies;" in order to give a certain amount of practise in these, the various classes should be assembled in a social way at least once a month, either in the schoolroom or at some private home. The artistic and ethical training must necessarily be of a very elementary character. There are however certain principles so generally agreed upon and so easily comprehended as to be really essential to a good general education. Religious education is of course outside the proper field of the activity of any agency of the State. In many communities, however, there would probably be no serious objection to reading selections from the Bible or repeating the Lord's Prayer, if the teacher so desires.

In the matter of intellectual training, which must not be lost sight of among the other branches of a general education, the "Three R's" will no dout always occupy the central place. There are however many other subjects that should come in for consideration. To go into an extensive discussion of this point would be too much of an encroachment upon the field of the educator; the writer will however venture to make a few general suggestions. The subjects of physiology, geography and history are adapted to the minds of fairly young children, if presented in a concrete and

attractive way. Geography especially could well be illustrated by object lessons in the nature of visits to neiboring waterfalls, divides, springs, etc. History should not be so much a matter of memorizing dates as a narrative of the striking developments (social and industrial as well as military and political) of the period covered. In connection with many subjects the use of stereopticon and moving pictures can be made of great value. In conclusion, we must again emphasize the principle that the subjects and methods of the compulsory educational system should be selected with reference to their contribution toward general culture, rather than toward "practical," i. e., money-making, ends. Technical training is not to be ignored or underrated, but its place is after the termination of the compulsory system, not as a substitute for the elementary general education.

Duration of Period of Compulsory Education. How long should the period of compulsory education last? It may be contended that, since it is desirable that all should have as great an amount of education as possible, every person should be required to stay in school up to the age of 20 or even 25. But such a contention may be quickly disposed of. We have already decided that it is never desirable to interfere with individual liberty to any greater extent than is clearly necessary. An exception to this principle must be admitted in the case of very young children, whose personality is as yet only partially developed. But the reason for this exception largely ceases to apply to a boy or girl who has reached the age of 16; the personality displayed at that age is often more pronounced than at any later period in life. Indeed, we may almost say that it is impossible to compel a person of that age to get an education against his will. Moreover, by the time one has reached the age of 16, the school ought to have inculcated the fundamentals of a general education sufficiently to fit the boy or girl for the essential duties of citizenship, which, as we have said, is the primary purpose of the system of compulsory education. There is much useful work to be performed, which does not require a high standard of education; anyone who prefers to perform such work rather than to continue his education to fit himself for work requiring a longer period of preliminary study should certainly be permitted to do so. Everyone should indeed have the opportunity to secure a better education, both general and technical; but if at the age of 16 any student deliberately rejects the opportunity, that is his own affair. He will no dout be at somewhat of a handicap in the struggle for greatness; but if the choice is deliberate, there is no reason, even from the standpoint

of equality of opportunity, why society should step in to insist on the actual use of the opportunities offered.

HIGHER EDUCATION; GENERAL AND TECHNICAL.

Purpose of General and of Technical Education. Before discussing the comparative place of general and technical training in the general system of education, it may be well to consider a few principles underlying this matter. The primary purpose of technical training is to fit a person for technical efficiency as a producing agent; it regards the individual as an intellect bent on accomplishing a particular result (just what, to be determined by the industrial situation), and surrounded by material forces from which he may choose the means by which to accomplish the result laid out for him. The primary purpose of general education is to fit a person for life as a whole; it regards the individual as a human being, surrounded by a society composed of fellow-creatures, and looks to the moral and spiritual side of his nature, rather than to the intellectual only; it does not assume an end to be accomplished that has been laid out for the individual by some agency outside himself, but seeks to assist him in determining for himself the end to be pursued. Technical training teaches a man *how* to do his work to the best advantage; general education increases the amount of personal force he will put into that work. Probably no one would advocate a pursuit of general education to the extent of eliminating technical training altogether; it is essential that men and women who are to take part in a complex industrial organization shall know how to perform to advantage the tasks falling to their lot. But, on the other hand, it is not desirable that the technical should be emphasized at the expense of the general; a democratic State will always seek to make its citizens the masters, not the slaves, of their work. An important fact too often lost sight of in discussing the comparative merits of general and technical training is that nine people out of ten, after once commencing a technical course, never manifest any desire to return to general courses later, whereas there is very little tendency to cut short one's technical training because of having spent a considerable time in higher general education. Consequently it would seem to promise an increase in the general standard of education to encourage postponing the commencement of technical training as long as possible.

Extent of Higher General Education. On the basis of the principles suggested in the preceding paragraph, we propose

the establishment of a system of free public general education calculated to extend to the age of 21, i. e., approximately the equivalent of a modern college course. As we have already said, the latter part of this course should not be compulsory, but students should be encouraged in every way to take it. The entire period is necessary in order to impart instruction in all the fields of history, art, literature, philosophy, science, etc., an acquaintance with which is essential to the development of the highest quality of citizenship. Moreover, it is not desirable that anyone should choose his life-work much under the age of 21. An earlier choice will in nine cases out of ten be based on some superficial or temporary attraction, rather than on a real consciousness of one's tastes and capacities. Indeed, until a person has had a taste of the higher subjects, some of the most important lines of work are necessarily excluded from the scope of his selection altogether. A superficial choice is not only a handicap to the individual, making him often discontented thruout life, but also to society, since he is prevented from achieving his greatest possibilities of social usefulness.

Meaning of "Free" Education. In order to encourage the use of the opportunities of education offered, some positive inducement must be provided to counteract the natural tendency, especially among boys of 16 to 18, to want to go out and "earn money." Undoutedly one of the most important means of counteracting this tendency is to arrange the curriculum and the methods of instruction in such a way as to appeal to the interests of the students—to persuade them that theh subjects are not dry and theoretical, but possess a vital relation to the absorbing practical problems of the day. More than this is however needed to offset the desire to "earn money." There must be equal opportunity between the child of the ditch-digger and the child of the millionaire. Education must be free, not merely in the sense that no charge is made for tuition and books, but in the sense that opportunity is offered for all to secure the best education without feeling the handicap of poverty. That is, there must be provision for the physical necessities of life, and a moderate allowance for personal expenses above those which are absolutely necessary. No dout this will seem to many a radical and dangerous innovation. It is however essential if we are to have equality of opportunity. There can be no equality of opportunity under a system where one person can secure an education without sacrificing the pleasures which all young people desire, while another person with equal ability is unable to secure an equivalent education without sacrificing these

pleasures and devoting himself to strenuous physical as well as mental labor.

Is Higher Education Desirable for All? It is perhaps necessary here to say a word with regard to the wide-spread theory that "education is a dangerous thing." We are often told that not everyone is by nature fitted for a professional career, and that education—at least higher education—makes one who is engaged in ordinary pursuits discontented with his lot. Such a theory is naturally to be expected in countries like Russia, where a large part of the energy of the government seems to be devoted to keeping the people contented with a condition of restricted opportunity. But it is strange to find the same view so often expressed in a land where democracy and freedom of opportunity are at least nominally accepted by all as cardinal principles. For the statement that education tends to make men discontented can only mean that those who have learned to appreciate the true principles underlying our social and industrial conditions are never willing to be relegated to a position of recognized inferiority, or to bow down to the authority of those who pose as superior minds. We must beware how we restrict the opportunity of the children of the poor in the name of preventing discontent. Not always do the greatest men arise out of the well-to-do families. Nor is it always true that a person possessing possibilities of great social usefulness will have sufficient determination to accept the handicap of poverty and attempt to secure an education under conditions which involve the renunciation of the ordinary pleasures of youth, and the pursuit of unremitting toil for a period of six or eight years.

The State should Care for its Children. To provide for the physical wants of the pupils in the public schools is not an entirely new policy. It has come to be recognized that intellectual training and an empty stomach do not go well together, and accordingly many cities provide free lunch for poor children in the schools. On the same principle we must recognize that, for the average boy or girl, the opportunity for a higher education can exist only in connection with the opportunity to satisfy the normal cravings of youth without being obliged to labor beyond the normal endurance of youth. There will no dout be individuals who will abuse the generosity of the State in providing them the means of securing a higher education, just as there are some who abuse similar provisions made by their parents. But if higher education is a desirable thing, the majority should not be limited in their opportunities on account of the existence of these exceptional

cases. Scarcely any well-to-do father who appreciates the value of an education will refuse to provide for his children a sufficient allowance to enable them to secure a moderate amount of pleasure in connection with their education. Why should not the State be equally considerate of all its children? In spite of occasional exceptions, the benefit to society will on the whole far more than compensate for the cost. Education is always the best investment, from a financial standpoint, as well as from that of intellectual and social improvement, and for society as well as for the individual. Of course the funds provided by the State should not be so large as to permit students to indulge in gross extravagance. It will also no dout be desirable to exercise a certain amount of control by requiring a definite standard of scholarship on the part of all students participating in the public support.

Technical Training for All. There should be provision not only for higher general education for all, but likewise for a four years' course of special technical or professional training. This course, like the higher general education, should be offered (but not required) to every person who has satisfactorily completed the course prescribed under the system of compulsory education. This preliminary requirement will no dout be an inducement to many to devote more attention to their earlier studies than they would otherwise, for nearly all young people desire to learn how to do some sort of work before commencing the active struggle of life. The suggestion offered in the case of higher general education, that there should be public support of the students, is perhaps less urgently demanded in the case of the technical courses, but most of the reasons there presented are equally applicable here. It is clearly for the interest of the State that every person should be thoroly prepared for the work he is to do in life.

Is Equality of Opportunity Practicable? Perhaps the period of four years suggested may appear to some to be too long, especially in the case of the comparatively simple occupations. But if we are to have true equality of opportunity between all citizens, it is necessary that every individual should be able to do more than operate a single part of a great machine. He must have a grasp of the fundamental principles of the entire industry in which he is to engage, together with some knowledge of related activities, if he is to be fitted for future promotion and to be immune from the possibility of being deprived of the means of earning a livelihood thru some change in the methods of conducting the industry. "Whatever is worth doing at all is worth doing well." There is no line of industry in which it is not desirable

that all the laborers, even those performing purely manual unskilled labor, should be specialists with a thoro comprehension of the entire field within which their particular work lies, and not merely of their own special part of that field. There are perhaps some occupations as to which four years is a longer time than is required to master the entire industry. In such cases it would no dout be well to offer shorter courses for those who wish to enter actual industry as soon as possible. But it would be perfectly possible even in these cases to provide also a full four years' course. The extra time mite well be devoted to a wider study of related fields, of general economic problems, and perhaps of subjects of general information value; or the last year or two mite be devoted to a sort of apprenticeship under the general supervision of the State.

Character of Technical Courses. The character of the instruction in the technical courses should be above all practical, so that graduates would be able to take at once a useful place in actual industry. With this end in view, there should be correlation and harmonious co-operation between school and factory; only thru participation in actual industry is it possible to learn completely the necessary technique of the industry. But the practical must not be so emphasized as to overlook the necessity for a fundamental appreciation of the basic principles of the industry. It is necessary for a specialist to *know*, as well as to *act;*—to be able to act not only in ordinary situations, but in unusual circumstances, where sound judgment is not more dependent upon experience than upon a thoro understanding of fundamental principles.

OTHER FORMS OF EDUCATION.

Advanced Special Training. As we have already intimated in another connection, special opportunity should be provided for advanced training along scientific and literary lines, for all students showing marked capacity along these lines. As to this matter it is perhaps unnecessary to say much here; the importance of this form of education is today generally recognized. Already we see in most universities fairly adequate provision for those capable of carrying on advanced research. It would seem, however, that in very few institutions is the system of fellowships and scholarships sufficiently extensive to provide for all those who possess special ability for advanced scientific work. There is thus at present a slite discrimination even here against the student lacking in financial means. Moreover, it is too often the case that

the limited resources at the disposal of the institution are distributed less on the basis of ability than according to the social standing of the families of the applicants.

Education of the Public. Another phase of education, which is perhaps less important than those already discussed, but which should be emphasized because its value has only recently come to be realized, except by a few pioneers, is the education of the public. We have already mentioned the possibility of improving the general feeling of unity in the nation thru the educational effect of a liberal system of free railway transportation. Another important educational activity of the State, which is already being carried out to some extent, is the distribution of literature and the sending of lecturers about the State to give instruction on scientific questions or on topics of live interest. Along the same line should be classed such enterprizes as the Los Angeles Municipal News (published by the city), which aimed to give the citizens full information as to the activities of the municipality, and offered one colum in every issue to each of the political parties for the discussion of live topics. Of a similar character, likewise, are the systems of free libraries, art galleries, theaters, concerts, lectures, etc. Indeed, public parks may properly be regarded as a part of the general system of public education, since it is generally recognized that the mental equilibrium of the individual is strengthened by the existence of breathing-spaces in the midst of the noise and confusion of a great city. One line in which a great deal can be done to advance the general public welfare, with very little cost, is the use of public bildings, especially school-houses and churches, for public gatherings of various sorts. These bildings are at present used almost exclusively in the daytime; they mite well be devoted evenings to social gatherings or public discussions. Within recent years much has been done in the direction of the improvement of the general educational standard of the community outside the formal institutions of learning. But with a broadening of the standard of formal education among the mass of the population we are likely to find an awakening demand for the extension of the various agencies for the education of those who are no longer able to pursue their studies in a formal way. This field is perhaps not related to the rest of our program, and will not be treated at length here; it is however properly referred to, not only as a part of the general system of education, but as being itself a moderate form of quasi-Socialism.

Chapter V.

Regulations Affecting Quality of Population.

IMMIGRATION.

No Obligation to Admit all Immigrants. The last topic to be discussed is that of social regulations affecting the number and quality of the population. This is in a sense outside the scope of our subject; but like the question of education, it involves certain propositions, closely related to the general principles outlined in Part I, which if applied would do much toward relieving the undesirable conditions upon which the demands of the Socialists are based. The first question to be considered under this head is the regulation of immigration. We need not inquire into the desirability of prohibiting immigration altogether. Probably no one would advocate such a step, and there may be some question as to whether it would be permissible under the rules of international law. But international law does not interpose any objection to measures in the nature of partial exclusion enacted in the belief that such restriction is desirable from the standpoint of the social and industrial welfare of the nation. It is universally recognized that a nation's primary duty is to its own citizens, just as a father's primary duty is to his own children. If any particular kind of immigration proves a handicap to the solution of the social and economic problems of a nation, it is clearly the right and duty of that nation to so modify its laws as to exclude that kind of immigration until the problems in question shall have ceased to be so pressing. If we cannot solve our own problems, it is hopeless to attempt to maintain here for persons of other nationalities a refuge from the evils to which they have been subject in the land of their birth.

Difficulties of Assimilation. Let us then consider whether (and to what extent) immigration is in fact a handicap in the solution of our social and industrial problems. The question of immigration is ordinarily, and with good reason, considered largely

from the standpoint of assimilation. It is generally admitted to be undesirable to admit within our territory any large mass of aliens who would be likely to remain permanently aloof from our customs and institutions; those who oppose restriction of immigration usually maintain that it is possible under favorable conditions to assimilate almost any class of humanity. It must however be recognized at the outset that a large number of immigrants come from surroundings which make their assimilation a matter of no little difficulty; indeed, it is perhaps a legitimate question for argument whether the assimilation of some immigrants is possible at all. No dout the efforts to assimilate even the most discouraging groups have often met with a considerable measure of success, and no dout the State could do much in the way of regulating the conditions so as to make this task easier than at present. But it must not be forgotten that this work means the diverting from other channels of the time and energies of many of our ablest men and women, who mite, in the absence of this problem, devote themselves directly to the attempt to solve the larger social and industrial problem of our own people.

Industrial Efficiency the Test of Desirability. Apart from the question of assimilation, there is under present conditions a numerous body of immigrants who are industrially inferior (i. e., incapable of performing industrial labor of equal efficiency) to the average native American. These industrially inferior laborers necessarily reduce, or retard the advance in, the general standard of living, especially among the class of unskilled laborers, as to whom the social and industrial problems are the most acute. Most economists agree that it is almost impossible, in the absence of some serious restriction of immigration, to prevent the standard of living in the United States from falling to the lowest level of that in any country from which immigrants come in substantial numbers.* It is clearly an error to say that we are in a position to take care of all who may present themselves. Especially is there danger of congestion if all the immigrants are permitted to congregate in our larger cities.

Restrictions Based on this Test. But, assuming that some legislation in the way of restriction of immigration should be enacted, what should be the nature of such legislation? We

*Indeed, it is likely that our standard would fall even below that of the old countries, for immigrants will continue to come, on account of the larger measure of political freedom here than in most other lands, and also on account of the tradition that conditions here are more favorable, even tho this tradition should no longer conform to the actual fact.

already undertake to exclude certain classes which are considered undesirable, chiefly on grounds of health or morals. We also recognize the industrial significance of immigration to the extent of requiring each immigrant to possess a small amount of money and sufficient physical capacity to justify the assumption that he will not become a public charge. We should however go further, and provide tests which will offer a reasonable presumption that the immigrant will not tend to lower the standard of living of the American laborer; i. e., we should demand evidence that he is not industrially inferior to the average American. None should be admitted who are not well above the margin of self-support from the standpoint of a bare subsistence, or who are likely to prove an industrial handicap to us. This may perhaps appear to be such a discrimination against the poor as to violate the principle of equality of opportunity. But, as we have already said, the primary duty of the State is to its own citizens; and it is only in connection with this primary duty that the principle of equality of opportunity is applicable with full force.

Is an Educational Test Desirable? It is no dout a difficult matter to devise any test for ascertaining what immigrants conform to the standard of industrial efficiency. An educational test would necessarily be inadequate, for it would have to be placed so low as to admit many who are extremely deficient from the industrial standpoint. Yet an educational test is undoutedly better than none; e. g., we mite well exclude all persons unable to read and write English. It is extremely doutful whether any considerable number of immigrants unable to conform to this test would be able, at least for some time after landing, to conform to the standard of industrial efficiency. Such a requirement would probably keep out many individuals who would make desirable citizens, and might thus by many people be called unjust. We must however bear in mind that the question is not one of abstract justice, but what measure will in the long run furnish the greatest assistance in the solution of our own problems. Such a test, even tho inadequate as a measure of industrial efficiency, is at least *a* test; and if it is once adopted, we may reasonably hope to see other tests worked out as a matter of experience. But we should adopt *some* measure of restriction, and attempt to so modify our laws from time to time as to constantly approach the true test of industrial efficiency; of course not ignoring other tests, such as the intellectual and moral.

Treatment of Immigrants after Landing. The industrial effect of immigration upon wages has been recognized in the

so-called contract labor law, which excludes all immigrants who have been promised work in the United States before landing. This law obviously fails to meet the situation, not only because it can be so easily evaded, but because the most serious complications of our industrial problems come from those immigrants who have not demonstrated their industrial efficiency to the extent of securing a contract of employment. We cannot consider the problem satisfactorily dealt with until the depressing effect of immigrant competition upon American laborers is provided against in a more effective way than by merely excluding immigrants who have been promised work. All immigrants should perhaps be placed temporarily under the direction of the emergency public works department;* the problem of finding suitable work for them is very similar to that in the case of native Americans unable to find work. At all events, the State should attempt to prevent immigrants from congregating in the centers of population with no apparent means of support and under conditions calculated to perpetuate groups maintaining customs and institutions alien to the rest of the community.

THE FAMILY.

No Satisfactory Substitute yet Proposed. Another problem in connection with the question of the quality of the population must be considered before completing our proposals for the relief of the industrial and social evils giving rise to the Socialist agitation; this is the question of the family. There are some who maintain that the institution of the family, as at present recognized, is responsible for many serious evils, and should accordingly either give place to some other institution, or at least suffer serious modification for the sake of diminishing these evils. We cannot however agree with this proposition. There seems, indeed, to be very little agreement among the critics of the family as to what institution should be substituted for it; and we must not forget that it is never desirable to tear down without knowing what to bild up in the place of the thing destroyed. We have said that no institution is to be so sacredly cherished as to escape being subjected to a searching analysis from the standpoint of its service to the social welfare. But we have also said that, by reason of the uncertainty of the effect of remote and obscure influences, long-established institutions should never be radically modified unless the principle

*See page 59.

underlying the reform is clearly sound. This general consideration applies with special force to the institution of the family. It is impossible to say how much of all that is best in our civilization today is the outgrowth of a normal family life. Certainly, from the standpoint of the training of our future citizens, family life is far better than the life of hotels and cafés. It is likewise doutful whether any public institution similar to an Orphans' Home would prove satisfactory. The abolition of the American home, without the establishment of some substitute better than any yet suggested, would be likely, in a few generations, to reduce our civilization to a state of barbarism unknown for a thousand years in any Caucasian community. The home is one of the greatest conservative forces in society. In some respects society is no dout too conservative; but the sort of conservatism fostered in the home is not of the sort that we should wish to abandon litely.

Existence of Evils connected with the Family. It is however clearly evident that the present conditions with regard to the family are by no means entirely satisfactory; even those who are most loath to admit that there is anything wrong with the institution of the family have become aroused by the rapid increase in the number of divorces in recent years. Yet it is clear that the prevalence of divorce is not itself the fundamental evil, but merely a symptom of an unwholesome condition which lies deep in our present social system, and which can be relieved only by a serious modification of that system. Undoutedly many, if not all, of the evils directly connected with the institution of the family result from the marriage of persons whose temperaments are in some important respect incompatible. Certainly divorce is in almost every instance due to this cause; whatever may be the statutory ground on which a divorce is secured, such ground would probably never have arisen if there had not first been such a diversity between the parties as to make it apparent that the marriage was a failure. Nor is the number of failures by any means limited to the cases of actual divorce; many people prefer, even where there is statutory ground for divorce, to continue to live in the same house under a sort of *modus vivendi* agreement, rather than to expose themselves to the notoriety of divorce proceedings. Such a home is certainly no place in which to train and develop future citizens, however satisfactory the external relation of the parents may appear to those unacquainted with the real situation. The serious problem to be considered is how to avoid these unsuccessful marriages. To make divorce either easier or more difficult is obviously no real solution, since it is only in the case

of unsuccessful marriages that either party thinks of wishing a divorce.

Causes of Unsuccessful Marriages. There are several causes for unsuccessful marriages. Perhaps the chief of these is the failure of young people to consider seriously, before entering upon the responsibilities of married life. what are the elements determinative of success or failure. Too often is marriage looked upon merely as a matter of convenience, to be entered into for a limited time and terminated whenever it may cease to be convenient. Too often, especially in the case of very early marriages, is no thot taken of the nature and temperament of the other party, the only consideration being that each enjoys the other's company socially. Existing conditions appear to emphasize the superficial in the social relations between young people of different sex, and to make it difficult to learn facts of the greatest importance from the standpoint of a successful marriage. Many young people, indeed, find it easy to learn all about each other's character and temperament. But the tendency is certainly to emphasize other things, and to ignore the fact that marriage is not primarily a matter of parlor and drawing-room life.

Nature of the Remedy. Whatever reforms are to be adopted, then, should be desined primarily to reduce the number of hasty and ill-advised marriages. This is of course a very delicate matter for the State to interfere in, consequently no very radical legislation should be adopted until the underlying principles have been justified by experience. We must not lose sight of the principle that, so far as possible, the complete freedom of the individual should be preserved. Whatever pressure is to be exerted by the State should ordinarily be in the nature of encouragement or discouragement, rather than of absolute command or prohibition; it should be of such a nature that the individual will voluntarily conform to the pressure without feeling that he is actually restricted in his movements. But it is possible, without violating these principles, to devise a few measures which seem clearly desirable, and whose effect would be by no means negligible.

Application for License to be Made in Advance. One of the most simple provisions demanded by the principles outlined above, and one which is not widely different from the practise in various European countries, is a refusal of the State to issue marriage licenses except on application sined by both parties three months prior to the marriage, with publicity of this application in the interim. This provision would of course largely eliminate elopements, and thus interfere with a good deal of sentimental

romance; but it is very doutful whether the general effect of elopements is sufficiently desirable to justify paying any attention to this consideration. The requirement suggested would prevent marriage on 24 hours' notice, and would give an opportunity for changing one's mind without being obliged to resort to the divorce courts. There would likewise be a tendency to instil a certain amount of seriousness in the purposes of the applicants. From this standpoint even the excessive red tape required in Germany is better than the absence of requirements in most of our own States.

Requirements Prerequisite to Licenses. In connection with the issuing of marriage licenses, each applicant should be required to undergo a physical examination by a competent medical expert approved by the State, the result of this examination to be made known to the other party. Under the present conditions much misery is undoutedly caused by the lack of this very knowledge; many marriages would probably be prevented altogether if one of the parties were required to make known his or her physical condition to the other. Such a requirement cannot be regarded as any serious violation of individual freedom, for it is merely giving beforehand information of facts that would in any event be found out after the marriage. Whether the State should ever directly prohibit marriage is perhaps an open question. There would however seem to be good reason for prohibiting, in the interest of the future generation, all marriages of persons suffering from contagious or inheritable disease at the time of the examination. As to any more radical prohibitions, the science of eugenics is still too little developed to give us any principles sufficiently conclusive to justify such steps. Whenever it is able to do so, the restrictions so indicated should no dout be adopted, altho in such a way as to interfere as little as possible with the freedom of the individual. The above suggestions will at any rate be sufficient to accomplish a decided improvement over the present irresponsible conditions.

Encouragement of Suitable Marriages thru Bounties. Of regulations in the nature of encouragement and discouragement, we have already presented one suggestion, viz., the opportunity of securing free education to the age of 25. This would clearly tend to retard marriage prior to that age, since students are not ordinarily inclined to enter upon married life in the middle of their course.* This would seem to be in accordance with the best

*In the case of women, the pressure would be much less after the age of 21, since a technical course would not seem necessary for women who expect to marry in the near future.

expert testimony on the subject, which regards too early marriages as socially undesirable. On the other hand, beyond the age of 25 for men, and 21 for women, the sooner marriage is undertaken the more satisfactory, from the social standpoint, is likely to be the result. There should accordingly be some discouragement to postponing marriage much beyond these ages, such as would be secured by the adoption of the following proposal (details of course subject to modification): A bounty of $200 to be paid upon the birth of each child (not exceeding five to any one person) within ten years after marriage, provided at the time of marriage the husband was between the ages of 25 and 30, and the wife between 22 and 28. A sliding scale mite well be adopted instead of absolute limits; e. g., to make the bounty $100 where one of the parties was one or two years outside the age limits stated. The amount of the bounty suggested is not excessive, being scarcely equal to the cost of properly caring for a child for six months. It would undoutedly be a simple matter to provide a system of registration which would prevent possible fraud in connection with the bounties.

CONCLUSION.

The principles considered in the above chapters are not intended to include every subject of industrial or social legislation which may be found by experience to be desirable, nor to cover every phase of the subjects treated. As we have already stated, the attempt has been not to devise a complete system, but rather to suggest a few principles, more or less specific, upon which to base practical modifications of the present system. Each principle mentioned is largely independent of every other, except as the connection has been expressly referred to; all are however believed to be consistent with each other and with the general principles outlined in Part I. Not all of the specific suggestions offered have on their face any direct connection with Socialism; as we have said in connection with the discussion of some of these, they are presented chiefly because they appear to point the way to the true solution of the problems which have furnished the basis of the Socialist propaganda. At very few points have details been proposed in connection with the application of any principle; the details are necessarily to be determined by practical experience. The purpose of these suggestions is not to furnish a manual for the drafting of specific legislation, but to appeal to the serious consideration of the general public, whose opinion must ultimately

prevail as to the principles underlying all specific laws. It is the firm conviction of the writer that if a thoro application of the principles here presented, and of others similar to them, should be seriously attempted by society, such an attempt would go a long way toward putting an end to the feeling of hostility and class antagonism between employer and employed, as well as to many of the specific evils which have made possible the spread of Socialism.

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